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R E P O R T S
FROM
C O M M I T T E E S:
SEVEN VOLUMES.

—(5.)—

METROPOLIS GAS COMPANIES BILL;
METROPOLIS LOCAL MANAGEMENT ACTS
AMENDMENT BILL.

Session
5 February — 13 August 1875.

12
VOL. XII.

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REPORTS FROM COMMITTEES:

1875.

SEVEN VOLUMES:—CONTENTS OF THE

FIFTH VOLUME.

N. B.—*THE* Figures at the beginning of the line, correspond with the N° at the foot of each Report; and the Figures at the end of the line, refer to the MS. Paging of the Volumes arranged for The House of Commons.

METROPOLIS GAS COMPANIES BILL:

- ✓281. Report from the Select Committee on the Metropolis Gas Companies Bill; together with the Proceedings of the Committee, Minutes of Evidence, and Index - - - - - p. 1

METROPOLIS LOCAL MANAGEMENT ACTS AMENDMENT BILL :

- ✓194. Report from the Select Committee on the Metropolis Local Management Acts Amendment Bill; together with the Proceedings of the Committee and Minutes of Evidence - - - - - 569

R E P O R T

FROM THE

SELECT COMMITTEE

ON THE

METROPOLIS GAS COMPANIES BILL ;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE.

AND

MINUTES OF EVIDENCE.

Ordered, by The House of Commons, to be Printed,
28 June 1875.

REPORT	- - - - -	p. v
PROCEEDINGS OF THE COMMITTEE	- - - - -	p. vi
MINUTES OF EVIDENCE	- - - - -	p. 1

Thursday, 13th May 1875.

Ordered, THAT the METROPOLIS GAS COMPANIES BILL be read a second time, and committed, together with the COMMERCIAL GAS, and IMPERIAL GAS COMPANIES BILLS, to a Select Committee; Three to be nominated by the House, and Two by the Committee of Selection.

Thursday, 20th May 1875.

Ordered, THAT the Petition of the London Gaslight Company against the Bill, be referred to the Committee.

Friday, 21st May 1875.

Ordered, THAT the Petition of the Commercial Gas Company, praying to be heard by Counsel against the Bill, be referred to the Committee.

Monday, 24th May 1875.

Ordered, THAT the Petition of the Ratcliff Gaslight and Coke Company, praying to be heard by Counsel against the Bill, be referred to the Committee.

Committee nominated of—

Mr. William Edward Forster.
Mr. John Gilbert Talbot.
Mr. Bristowe.

Ordered, THAT all Petitions presented on or before the 31st day of May, against the Bills, be referred to the Committee, and all Petitioners be heard, by themselves, their Counsel, or Agents, upon their Petitions, if they think fit, and Counsel heard in favour of the Bills against the said Petitions.

Ordered, THAT Three be the Quorum of the Committee.

Tuesday, 25th May 1875.

Members added by the Committee of Selection—

Mr. Goldney and Mr. Thomas Brassey.

Thursday, 27th May 1875.

Ordered, THAT the Petition of the Crystal Palace District Gas Company, praying to be heard by Counsel against the Bill, be referred to the Committee.

Friday, 28th May 1875.

Ordered, That the Petitions praying to be heard by Counsel against the Bill, from the following Companies—Surrey Consumers Gas, Gaslight and Coke, Independent Gaslight and Coke, South Metropolitan Gaslight and Coke, Phoenix Gaslight and Coke, and Imperial Gaslight and Coke Companies, be referred to the Committee.

Monday, 31st May 1875.

Ordered, THAT the Parties appearing before the Select Committee on the Metropolis Gas Companies Bill have leave to print the Minutes of the Evidence taken before the Committee, day by day, from the Committee Clerk's copy, if they think fit.

Tuesday, 1st June 1875.

Ordered, THAT Mr. Goldney be discharged from further attendance on the Committee.

Ordered, THAT Mr. Birley be added to the Committee.

Friday, 4th June 1875.

Ordered, THAT the Committee have power to send for Persons, Papers, and Records.

Monday, 28th June 1875.

Ordered, THAT the Committee have Power to Report the Minutes of Evidence taken before them to the House.

R E P O R T.

THE SELECT COMMITTEE to whom the **METROPOLIS GAS COMPANIES BILL** was referred, have considered the said Bill, and taken Evidence thereon, which they have agreed to Report to the House ; and have gone through the Bill, and made Amendments thereunto.

28 June 1875.

PROCEEDINGS OF THE COMMITTEE.

Thursday, 27th May 1875.

MEMBERS PRESENT:

Mr. William Edward Forster.		Mr. Bristowe.
Mr. John Gilbert Talbot.		Mr. Goldney.

Mr. WILLIAM EDWARD FORSTER was called to the Chair.

The Committee deliberated.

[Adjourned till Tuesday next, at Half-past Eleven o'clock.]

Tuesday, 1st June 1875.

MEMBERS PRESENT:

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. John Gilbert Talbot.		Mr. Birley.
Mr. Bristowe.		

METROPOLIS GAS COMPANIES BILL.

Preamble read the first time.

Counsel for the Bill :—Mr. Cripps, q.c.; Mr. Philbrick, q.c.; and Mr. O'Hara.

Agents :—Dyson & Co.

Petitions against the Bill were read from—

London Gaslight Company.

Agent :—H. E. Brown.

Commercial Gas Company.	}
Ratcliff Gas & Coke Company.	}

Counsel for these Petitioners :—Mr. Venables, q.c.; Mr. Pope, q.c.; and Mr. Michael.

Agent :—R. W. Cooper.

Surrey Consumers Gas Company.	}
Independent Gaslight & Coke Company.	}
South Metropolitan Gaslight & Coke Company.	}
Phoenix Gaslight & Coke Company.	}
Imperial Gaslight & Coke Company.	}

Counsel for the above Petitioners :—Sir Edmund Beckett, q.c.; Mr. Venables, q.c.; and Mr. Richards, q.c.

Agents :—Baxter & Co.

Gaslight & Coke Company.

Counsel :—Mr. West, q.c.; Mr. Serjeant Sargood; and Mr. Broughton.

Agents :—Wyatt & Hoskins.

Langholm Gaslight Company.

No person appeared in support of this Petition.

Crystal Palace District Gas Company.

Agents :—Sherwood & Co.

COMMERCIAL GAS BILL.

Preamble read the first time.

Counsel for the Bill:—*Mr. Venables, Q.C., Mr. Pope, Q.C., and Mr. Michael.*

Agent:—*R. W. Cooper.*

Petitions against the Bill were read from—

Gaslight and Coke Company.

Counsel:—*Mr. West, Q.C., Mr. Serjeant Sargood, and Mr. Broughton.*

Agents:—*Wyatt, Hoskins, & Hooker.*

Metropolitan Board of Works.

Agents:—*Dyson & Co.*

Poplar District Board of Works.

Counsel:—*Mr. Littler, Q.C., Mr. O'Hara.*

Agents:—*Wyatt, Hoskins, & Hooker.*

Vestry of Mile End Old Town.

No person appeared in support of this Petition.

IMPERIAL GAS BILL.

Preamble read the first time.

Counsel for the Bill:—*Sir Edmund Beckett, Q.C., Mr. Venables, Q.C.*

Agents:—*Sherwood & Co.*

Petitions against the Bill were read from—

Gaslight and Coke Company.

Counsel:—*Mr. West, Q.C., Mr. Serjeant Sargood, and Mr. Broughton.*

Agents:—*Wyatt, Hoskins, & Hooker.*

Metropolitan Board of Works.

Agents:—*Dyson & Co.*

Vestry of St Mary, Islington.

No person appeared in support of this Petition.

METROPOLIS GAS COMPANIES BILL.

Mr. Cripps was heard to open the case in support of the Bill.

[Adjourned till To-morrow, at Twelve o'clock.]

Wednesday, 2nd June 1875.

MEMBERS PRESENT :

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Bristowe.
Mr. Birley.

Mr. John Gilbert Talbot.

METROPOLIS GAS COMPANIES BILL.

Mr. Cripps was heard to continue his statement in support of the Bill; and called *Mr. William Newton*; sworn and examined.

[Adjourned till To-morrow, at Twelve o'clock.]

Thursday, 3rd June 1875.

MEMBERS PRESENT :

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Bristowe.
Mr. Birley.

Mr. John Gilbert Talbot.
Mr. Thomas Brassey.

METROPOLIS GAS COMPANIES BILL.

Mr. *William Newton* re-called, and further examined.

Mr. *George Shaw*, sworn and examined.

[Adjourned till To-morrow, at Twelve o'clock.]

Friday, 4th June 1875.

MEMBERS PRESENT :

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Birley.
Mr. Bristowe.

Mr. Thomas Brassey.
Mr. John Gilbert Talbot.

Mr. *George Shaw* recalled, and further examined.

Mr. *George Thomas Livesey* sworn, and examined.

[Adjourned till Monday next, at Twelve o'clock.]

Monday, 7th June 1875.

MEMBERS PRESENT :

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Bristowe.

Mr. Thomas Brassey.

METROPOLIS GAS COMPANIES BILL.

Mr. *Arthur Gunn* sworn, and examined.

[Adjourned till To-morrow, at Twelve o'clock.]

Tuesday, 8th June 1875.

MEMBERS PRESENT :

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Birley.
Mr. Thomas Brassey.

Mr. Bristowe.
Mr. John Gilbert Talbot.

METROPOLIS GAS COMPANIES BILL.

Mr. *Arthur Gunn* re-called, and further examined.

Mr. *Thomas William Keats* and Mr. *Charles Heisch* were severally sworn, and examined.

[Adjourned till To-morrow, at Twelve o'clock.]

Wednesday, 9th June 1875.

MEMBERS PRESENT:

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Birley.
Mr. Thomas Brassey.

Mr. Bristowe.
Mr. John Gilbert Talbot.

METROPOLIS GAS COMPANIES BILL.

Mr. *Arthur Gunn* and Mr. *Charles Heisch* were re-called, and further examined.

Mr. *William Charles Young*, Mr. *Robert Patterson*, and Mr. *George Wilson Stevenson*, were severally sworn, and examined.

[Adjourned till To-morrow, at Twelve o'clock.]

Thursday 10th June 1875.

MEMBERS PRESENT:

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Birley.
Mr. John Gilbert Talbot.

Mr. Thomas Brassey.
Mr. Bristowe.

METROPOLIS GAS COMPANIES BILL.

Mr. *George Wilson Stevenson* re-called, and further examined.

[Adjourned till To-morrow, at Twelve o'clock.]

Friday, 11th June 1875.

MEMBERS PRESENT:

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Thomas Brassey.
Mr. Bristowe.

Mr. Birley.
Mr. John Gilbert Talbot.

METROPOLIS GAS COMPANIES BILL.

The Committee decided that the Promoters had not substantiated their case as regards the 6th clause of the Bill.

Sir *Edmund Beckett* was heard in support of the Petitions of the Surrey Consumers Gas Company, Independent Gaslight and Coke Company, South Metropolitan Gaslight and Coke Company, the Phoenix Gaslight and Coke Company, and Imperial Gaslight and Coke Company, against the Bill.

[Adjourned till Monday next, at Twelve o'clock.]

Monday, 14th June 1875.

MEMBERS PRESENT:

Mr. WILLIAM EDWARD FORSTER, in the Chair.

Mr. Bristowe.
Mr. Birley.

Mr. John Gilbert Talbot.

METROPOLITAN GAS COMPANIES BILL.

Mr. *Cripps* handed in a clause proposed to be inserted in the Bill in lieu of Clause 6.

Sir *Edmund Beckett* was further heard in support of the several Petitioners for whom he appeared against the Bill, and called—

Mr. *James St. George Burke*, Q.C., sworn, and examined.

[Adjourned till To-morrow, at Twelve o'clock.]

Tuesday, 15th June 1875.

MEMBERS PRESENT:

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Birley.
Mr. Bristowe.

Mr. John Gilbert Talbot.
Mr. Thomas Brassey.

METROPOLIS GAS COMPANIES BILL.

Mr. *James St. George Burke*, Q.C., re-called, and further examined.

Mr. *Harry Chubb* sworn, and examined.

[Adjourned till To-morrow, at Half-past Twelve o'clock.]

Wednesday, 16th June 1875.

MEMBERS PRESENT:

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Birley.
Mr. Bristowe.

Mr. Thomas Brassey.
Mr. John Gilbert Talbot.

METROPOLIS GAS COMPANIES BILL.

Mr. *Harry Chubb* re-called, and further examined.

Mr. *Thomas Nesham Kirkham* sworn, and examined.

[Adjourned till To-morrow, at Twelve o'clock.]

Thursday, 17th June 1875.

MEMBERS PRESENT:

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Birley.
Mr. Thomas Brassey.

Mr. Bristowe.
Mr. John Gilbert Talbot.

METROPOLIS GAS COMPANIES BILL.

Mr. *Edward Horner*, Mr. *Corbett Woodall*, and Mr. *Rohde Hawkins*, were severally sworn, and examined.

[Adjourned till To-morrow, at Twelve o'clock.]

Friday, 18th June 1875.

MEMBERS PRESENT:

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Birley.
Mr. Bristowe.

Mr. John Gilbert Talbot.

METROPOLIS GAS COMPANIES BILL.

Mr. *Rohde Hawkins* re-called, and further examined.

Sir *George Elliot* (a Member of this House), Mr. *Charles Mark Palmer* (a Member of this House), Mr. *Robert Morton*, and Mr. *William Boughton King*, were severally sworn, and examined.

Mr. *Pope*, Q. C., on behalf of the Petitions of the Ratcliff Gas Company and the Commercial Gas Company, stated that he did not intend to make any remarks or call witnesses in support of their Petitions against the Bill.

[Adjourned till Monday next, at Twelve o'clock.]

Monday, 21st June 1875.

MEMBERS PRESENT:

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Birley.
Mr. Bristowe.

Mr. John Gilbert Talbot.

METROPOLIS GAS COMPANIES BILL.

Mr. Serjeant *Sargood* was heard to address the Committee in support of the Petition of the Gaslight and Coke Company against the Bill.

[Adjourned till To-morrow, at Twelve o'clock.]

Tuesday, 22nd June 1875.

MEMBERS PRESENT:

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Birley.
Mr. Bristowe.

Mr. Thomas Brassey.
Mr. John Gilbert Talbot.

METROPOLIS GAS COMPANIES BILL.

Mr. Serjeant *Sargood* continued his address in support of the Petition of the Gaslight and Coke Company against the Bill, and called—

Mr. *George Careless Trewby* and Dr. *John Whitmore*, who were severally sworn, and examined.

[Adjourned till To-morrow, at Twelve o'clock.]

Wednesday, 23rd June 1875.

MEMBERS PRESENT:

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Bristowe.
Mr. Birley.

Mr. Thomas Brassey.
Mr. John Gilbert Talbot.

METROPOLIS GAS COMPANIES BILL.

Mr. Serjeant *Sargood* was heard to make an explanation with reference to a portion of his address in support of the Petition of the Gaslight and Coke Company.

Mr. *George Wadbrook*, Mr. *Frederick Beale*, Mr. *Frederick John Evans*, Mr. *John William Field*, and Mr. *Simon Adams Baker*, were severally sworn, and examined.

[Adjourned till To-morrow, at Twelve o'clock.]

Thursday, 24th June 1875.

MEMBERS PRESENT:

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Birley.
Mr. Thomas Brassey.

Mr. John Gilbert Talbot.

METROPOLIS GAS COMPANIES BILL.

Mr. *Cripps* was heard to reply upon the whole case.

[Adjourned till To-morrow, at Twelve o'clock.]

Friday, 25th June 1875.

MEMBERS PRESENT:

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Birley.
Mr. Bristowe.

Mr. John Gilbert Talbot.
Mr. Thomas Brassey.

METROPOLIS GAS COMPANIES BILL.

Mr. *Cripps* was further heard to reply upon the whole case.

Mr. *Francis S. Reilly* and Mr. *W. P. Patterson* were severally sworn, and examined by the Committee.

Room cleared.—The Committee deliberated.

Question, "That the Preamble is proved," put, and *agreed to*.

[Adjourned till Monday next, at Twelve o'clock.]

Monday, 28th June 1875.

MEMBERS PRESENT:

Mr. WILLIAM EDWARD FORSTER in the Chair.

Mr. Bristowe.

Mr. John Gilbert Talbot.

Mr. Thomas Brassey.

COMMERCIAL GAS BILL.

IMPERIAL GAS BILL.

The Committee deliberated, and adjourned the consideration of these Private Bills until To-morrow.

METROPOLIS GAS COMPANIES BILL.

Mr. *Venables*, q.c., on behalf of the Petitions of the Surrey Consumers Gas, Independent Gaslight and Coke Company, South Metropolitan Gaslight and Coke Company, Phoenix Gaslight and Coke Company, Imperial Gaslight and Coke Company, stated that they would take no further part before the Committee in opposition to the Clauses of the Bill.

Mr. *West*, q.c., made a similar statement on behalf of the Gaslight and Coke Company.

The Committee proceeded to the consideration of the Clauses of the Bill.

On Clause 8:

Mr. *Keats* re-called, and further examined.

Mr. *William Pole* sworn, and examined.

Clause *agreed to*, without Amendment.

On Clause 13:

Mr. *Michael* proposed a rider to the Clause.

Mr. *William Pole* re-called, and further examined.

Clause *agreed to*, without Amendment.

Schedule *agreed to*.

New clauses *added*.

Question, "That this Bill, as amended, be reported to the House,"—put, and *agreed to*.

Ordered, To Report, together with the Minutes of Evidence.

The Committee adjourned till To-morrow, at Twelve o'clock, to proceed with the two Private Bills, namely, the Imperial Gas Bill, and the Commercial Gas Bill, which were referred to the Committee.

Memorandum.—For the remaining Proceedings of the Committee, see the Minutes of Committees on Private Bills.

LIST OF WITNESSES.

<i>Wednesday, 2nd June 1875.</i>		<i>Wednesday, 16th June 1875.</i>	
	PAGE		PAGE
Mr. William Newton - - -	1	Mr. Harry Chubb - - -	305
<i>Thursday, 3rd June 1875.</i>		Mr. Thomas Nesham Kirkham -	328
Mr. William Newton - - -	29	<i>Thursday, 17th June 1875.</i>	
Mr. George Shaw - - -	57	Mr. Edward Horner - - -	335
<i>Friday, 4th June 1875.</i>		Mr. Corbet Woodall - - -	356
Mr. George Shaw - - -	67	Mr. Rohde Hawkins - - -	366
Mr. George Thomas Livesey -	69	<i>Friday, 18th June 1875.</i>	
<i>Monday, 7th June 1875.</i>		Mr. Rohde Hawkins - - -	370
Mr. Arthur Gunn - - -	100	Sir George Elliot, M.P. - - -	385
<i>Tuesday, 8th June 1875.</i>		Mr. Charles Mark Palmer, M.P. -	390
Mr. Arthur Gunn - - -	136	Mr. Robert Morton - - -	392
Mr. Thomas William Keates -	152	Mr. William Boughton King -	394
Mr. Charles Heisch - - -	165	<i>Tuesday, 22nd June 1875.</i>	
<i>Wednesday, 9th June 1875.</i>		Mr. George Careless Trewby -	399
Mr. Arthur Gunn - - -	176	Dr. John Whitmore - - -	408
Mr. Charles Heisch - - -	176	<i>Wednesday, 23rd June 1875.</i>	
Mr. William Charles Young -	181	Mr. George William Wadbrook -	413
Mr. Robert Hogarth Patterson -	190	Mr. Frederick Beale - - -	415
Mr. George Wilson Stevenson -	195	Mr. Frederick John Evans - -	416
<i>Thursday, 10th June 1875.</i>		Mr. John William Field - - -	421
Mr. George Wilson Stevenson -	207	Mr. Simon Adams Beck - - -	444
<i>Monday, 14th June 1875.</i>		<i>Friday, 25th June 1875.</i>	
Mr. James St. George Burke, Q.C. -	240	Mr. Francis S. Reilly - - -	445
<i>Tuesday, 15th June 1875.</i>		Mr. W. P. Pattison - - -	460
Mr. James St. George Burke, Q.C. -	264	<i>Monday, 28th June 1875.</i>	
Mr. Harry Chubb - - -	273	Mr. Thomas William Keates -	464
		Dr. William Pole - - -	465

MINUTES OF EVIDENCE.

Wednesday, 2nd June 1875.

MEMBERS PRESENT :

Mr. Bristowe.
Mr. John G. Talbot.

Mr. Birley.
Mr. Thomas Brassey.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

Mr. William Newton, sworn ; Examined by Mr. Philbrick.

Mr. W. Newton.
2 June 1875.

1. I BELIEVE you are a Member of the Metropolitan Board, and have been so for many years ?—Yes.
2. Have you been, in past years, and are you now, Chairman of the Parliamentary Committee of the Board which has to consider questions of this nature ?—I am.
3. Has the question of Gas Legislation, as affecting the Gas Companies in the Metropolis, engaged your particular attention ?—Yes, so far as it has been before the Board.
4. With regard to the Act of 1860, the Metropolis Gas Act, the Board was not an active promotor of that Bill, I believe ?—No.
5. I believe that the public bodies which then appeared were the vestries of the district boards ?—Yes.
6. At the present time we hear that, as a matter of fact, it is the Act of 1860 which regulates five of the London Companies, or six of them, if the London Company is still under that provision ?—It does.
7. That is to say, the Commercial Company, the Independent Company, the Phoenix Company, the Ratcliff Company, and the Surrey Consumers Company ?—Yes, that is so.
8. The case of the London Company is still one, as we have heard, under consideration ; there is a legal question connected with it ?—Yes.
9. Under that Act of Parliament the illuminating power is equal to 12 candles, is it not ?—That is so.
10. And the initial price is what ?—The maximum price is 4 s. 6 d.
11. Unless with the consent of the Home Secretary and the Board of Trade ?—Yes.
12. With regard to the clause limiting the dividend, that, I believe, is under the Act of 1847 ; the General Act ?—That is so.
13. Which is incorporated with the Act of 1868 ?—Yes.
14. As to the question of guarantee, or what is so-called, the 10 per cent., what do you say to that ?—We have never considered that the Act of 1868 intended to guarantee 10 per cent.
15. The Act of 1860 I will speak of first ; some companies are under the Act of 1860, are they not ?—They were entitled to make up a dividend of 10 per cent. by a charge not exceeding 4 s. 6 d. without consent or revision by the Secretary or State. Some of the companies, previously to the passing of the Act of 1860, supplied gas at 4 s. per 1,000 cubic feet, but after the passing of the

Mr. W. Newton.
2 June 1875.

Act of 1860 they raised the price of gas, not only to pay 10 per cent. dividend, but also to pay themselves some back dividends, to which they were entitled under the Act of 1860.

16. That is as to a dividend which did not amount to 10 per cent. ?—The Act of Parliament entitled them to pay a sum equal to 10 per cent. for six years preceding the passing of the Act, and in some instances that was done to the extent of from 20 to 24 per cent.

17. Do you know whether, in point of fact, there has been any application to the Home Secretary by any of the Companies under the Act of 1860 for leave to go above the price of 4 s. 6 d. ?—I believe not.

18. Since the period when the Act of 1860 was passed, have the companies, those which remained under that Act, divided the 10 per cent. ?—As a rule they have done so.

19. Were you aware of the Bill that was introduced by the Corporation of the City of London in 1866 for establishing a competing system of gas supply in the City ?—I was.

20. That Bill was, we hear, rejected ?—Yes, it was.

21. In the year 1867 did the Metropolitan Board of Works appear before Parliament on a Parliamentary Committee to which the Bills then introduced were referred ?—They did.

22. Lord Cardwell, I believe, was Chairman of that Committee ?—Yes, he was.

23. That Session was unproductive of any actual legislation, but a report was made by that Committee, which was read yesterday by my learned friend, Mr. Cripps ?—Yes, that is so ; the Committee of 1867 had before it a Bill introduced by the Government and by the Board of Trade, the President of the Board at that time being Sir Stafford Northcote, the present Chancellor of the Exchequer, and that Bill passed a second time in the House of Commons, and was referred to a Committee. It contained a clause adopting a sliding scale at that period when it was introduced by the present Chancellor of the Exchequer.

24. At that time the Companies had a right, I believe, to make if they could, or to earn dividends with the limitation in the Act of 1847, viz., that they should not exceed 10 per cent. ?—Yes.

25. That Bill contained a sliding scale as introduced ?—Yes, it did.

26. In the next Session of Parliament, the City of London Gas Act of 1868 was passed ?—It was.

27. And the Gaslight and Coke Company, commonly called the "Chartered Company," were before Parliament with a Bill of their own ?—Yes.

28. And the Metropolitan Board of Works appeared before the Committee, of which the chairman again was Mr. Cardwell ?—Yes, that is so ; but the Chartered Company were before the Committee of 1867 with a Bill of their own.

29. Which Bill, I believe, did not pass ?—No, because they declined accept the terms submitted to them by the Committee.

30. They refused the terms, and another Company did then before Parliament, upon which Mr. Cardwell's Committee stated that they were willing to proceed with the Bill ?—Yes.

31. They withdrew their Bill, therefore, and the Committee could only report to Parliament specially ?—Yes.

32. In 1868 the legislation resulted in the City of London Gas Act of that year ?—Yes, that was so.

33. And amongst other things, there was a compulsory power to the Corporation to purchase within three years after the passing of the Act, which power has not been exercised ?—Yes.

34. And there was also a set of clauses as to amalgamation ?—Yes.

35. At that time the Chartered Company was comparatively a small one, much smaller than the Imperial Company then ?—Yes, smaller ; but still it was a large Company ; it was regarded as the second company.

36. And the chief district that it supplied was then what ?—It had about one-third, if I remember rightly, of the City of London ; the chief district was outside the City.

37. As the result of what then took place under those clauses, the Gaslight and Coke Company has amalgamated several other Companies, and has now become possessed of the large district which is shown on the map in the brown colour ?—

colour?—Yes, it lights now the whole of the City of London, having amalgamated with the City of London Gas Company and the Great Central Gas Company, which up to the year 1868 divided the lighting with them.

Mr. W. Newton.

2 June 1875.

38. Has it also recently, I believe the last amalgamation, taken what was called the Western Gas Company?—Yes.

39. The company which lighted the western part of London?—Yes.

40. Will you look upon that map and say whether it shows the present districting of London?—It appears to me to be so marked; I think that which is marked on the map "Chartered," includes all its present amalgamations.

41. Up to the present date?—Yes.

42. In 1868 the Chartered Company came under the provisions of that Act, the City Gas Act of 1864, which gave an illuminating power of 16 candles?—It did.

43. And a price of 3 s. 9 d., subject to revision by the Commissioners?—Yes.

44. And a dividend limited to 10 per cent.?—Yes, that was so.

45. And also having no reserve fund, or what was called an insurance fund?—No contingency fund.

46. In that same year did another company, coloured dark green on the map, on the south side of the Thames, the South Metropolitan Company, also come to Parliament?—No, that was the following year, in 1869; they were then in Parliament with the Imperial Company.

47. Then the legislation of 1868 practically affected, as I understand, the City of London?—No, it affected only one-third of the City of London, which was then lighted by the Chartered Company, and a large proportion of their lighting was then outside, but the amalgamation clauses under that legislation enabled them to incorporate.

48. The fact was, at all events, that at the time when the Chartered Company had acquired the whole district of the City, the whole district of the City was actually under the Act of 1868?—Yes, precisely so.

49. And the Chartered Company in its policy of amalgamation which it has carried out with the other companies which have now become united with it, still is under the Act of 1868?—Yes.

50. And those districts coloured as "Chartered proper" upon the map received their supply of gas according to the provisions of the Act of 1868, did they not?—Yes. As to that part of the map to the right which is coloured brown, called the "Beckton Works," the Chartered Company does not light that area.

51. Is that lighted by the Victoria Dock Company?—I do not know, I am sure; it may be lighted now under the Victoria Dock Company, which is amalgamated with the Chartered Company, but, is not within the metropolitan area.

52. The Chartered Company at the spot marked black at Beckton-on-the-Thames, have erected enormous works, have they not?—They have.

53. I suppose the largest works in the metropolis for the supply of gas?—Yes, and probably the largest in the world.

54. In the year 1869, just to complete the history of the legislation, the Imperial and the South Metropolitan Companies both came before Parliament with Bills of their own, did they not?—Yes, they did.

55. And the Imperial Company, which were, until the amalgamations, the largest Company, obtained power to raise a large sum of money, and I think they were to supply 14-candle gas?—Yes, the Imperial Gas Company.

56. And 7 per cent. on their new capital?—That is so.

57. And what was the price?—Three shillings and nine-pence.

58. And also they were allowed a reserve fund fixed at 81,000 l.?—Yes.

59. And in other respects they had the benefit of the Act or the restrictions of the Act of 1868 as to revision?—Yes, and testings.

60. And a contingent fund?—Yes.

61. The South Metropolitan Company, which is indicated by the dark green area on the south side of the map, had the Act of 1868 applied to them giving 16-candle gas?—Fourteen.

62. Yes, 14-candle gas; what was the price?—Three shillings and sixpence the maximum.

Mr. *W. Newton*.

2 June 1875.

63. And revision clauses?—Yes, and the restrictions as to testing.

64. And a contingency fund?—Yes.

65. Having told us that I think in substance you have told the Committee what is the gas legislation which is now in force in the various districts of London?—Yes.

66-7. Have you been cognisant as a member of the Metropolitan Board of the applications which have been made twice by the Gaslight and Coke Company.

Chairman.] When you say "London," you have omitted I think a considerable extent of area?—(*Witness.*) All the rest is under the Act of 1860.

68. The Phoenix?—Yes.

69. The Surrey Consumers?—Yes.

70. The Ratcliff?—Yes.

71. The Independent?—Yes.

72. And the London Gaslight Company?—Yes, and the Commercial. The Metropolitan Board has always treated the London Gaslight Company as being under the Act of 1860, and, therefore, they have never sought to impose the restrictions upon them as upon the other companies which have special legislation.

73. Mr. *Philbrick.*] Have you been cognisant of the applications which have been made twice by the Gaslight and Coke Company for a revision of the price, and once by the Imperial Company?—I have been.

74. The first application was in the year 1873, by the Gaslight and Coke Company, I believe, for an increase of price, and one in 1874, both by the Imperial Company and the Gaslight and Coke Company?—That was so.

75. In 1873, the Gaslight and Coke Company was allowed to increase its price from 3 s. 9 d. to 4 s. 4 d. for 16 candle gas?—Yes.

76. And in 1874, the Gaslight and Coke Company were allowed to increase its price to 5 s. for that gas?—Yes.

76*. (*To the Witness.*) The Chartered Company in the first year's revision got 4 s. 4 d. for 16 candle gas, and in the second year they got 5 s.?—Yes.

77. Which ended last December?—Yes, that was so.

78. And the Imperial Company last year got 4 s. 5 d., I think?—Four and eight pence.

79. Which ended on the 31st December of last year?—Yes.

80. In the present year, I believe, that neither Company gave notice of an application to the Commissioners for an increase of price?—No.

81. The result of that is, is it not, that at the present moment the price is regulated under the Acts of 1868 and 1869; that is to say, 3 s. 9 d. for the Chartered district, and 3 s. 9 d. for the Imperial district?—Yes.

82. The one giving 16 candles, and the other 14?—Yes, that is so.

83. Can you tell us what the other companies are now charging?—Mostly, I think I can.

84. Take the South Metropolitan Company?—The South Metropolitan Company charge 3 s.

85. That is 6 d. less than its maximum?—Yes.

86. *Chairman.*] I think it will be better to get the price alongside of the candles?—It is 14 candles.

87. Will you be kind enough to begin again; the Chartered Gas Company's price is 3 s. 9 d. for how many candles?—Sixteen candles.

88. And the Imperial?—Fourteen candles, 3 s. 9 d.

89. And the South Metropolitan?—Fourteen candles, 3 s.

90. And the Surrey Consumers?—I must explain as to that; they are nominally 12 candles. When the Act of 1860 was passed, all the Companies were bound to give a gas equal to 12 candles illuminating power to be tested as you have heard this morning in a certain way. Now there has been the introduction of a new burner for the purpose of testing, and since that period the gas which then showed an illuminating power of 12 candles under the new burner without any inerrant increase of quality shows 14; that is to say, the new burner enables

Mr. W. Newton.
2 June 1875.

enables them to exhibit the light of two candles more than it usually did, so that those companies which under the Act of 1860 gave 12 candles, must be considered to be equal to 14 candles.

91. Then the Surrey Consumers give practically 14-candle gas, at what price?—Four shillings now.

92. Mr. Philbrick.] That is 4 s. 2 d. now, I think?—Yes.

93. Chairman.] The Phoenix?—Four shillings.

94. How many candles?—Under the Act of 1860, 12 candles.

95. Practically 14 candles?—Yes.

96. What are the others?—There is the Independent; the price is 3 s. 4 d. or 3 s. 6 d.; practically 14 candles. The Commercial is 3 s. 9 d., 14 candles.

97. And the Ratcliff?—Three shillings and ninepence, with 14-candle gas.

98. Then the London?—I do not know what that is, but I believe it is 4 s.

99. How many candles?

Mr. Philbrick.] The London is 4 s., and 14 candles.

100. Chairman.] Then the only Company which gives the 16-candle gas is the Chartered Company?—Yes; that has about one-third of the lighting power of the Metropolis.

101. Mr. Philbrick.] In the area of what I may call the Metropolis?—Its capital and its rental are, I think, about one-third of the whole Metropolis.

102-3. Do the Company supply the public lamps as well as the private houses in their district?

Witness.] Yes, everything.

104. Mr. Philbrick (to the Witness).] Are you cognizant of the proceedings connected with the two revisions?—Yes.

105. First of all, just let me ask you this; the Metropolitan Board without the City, and the Corporation of the City of London within the City, are the public authority who have a right to appear upon those occasions?—Yes, under the Statute.

106. In the interests of the consumers, or in the discharge of your duty, as you may judge it right, their duty being to fix the price, and also the illuminating power, did you deem it right to ask that any diminution in the illuminating power should take place?—No, certainly not.

107. You always kept up to 16-candle gas in the one, and to 14-candle gas in the other?—Yes, certainly.

108. Although that would involve a matter of price with reference to the candles?—Yes.

109. The Commissioners did not deal with any such question as reducing the illuminating power, but solely the price?—The Company when they required a revision did not suggest a reduction of the illuminating power, and the Metropolitan Board, I think, instructed counsel not to agree to any illuminating power, but to fight the question upon the price.

110. And you feel that it was not right to reduce the illuminating power within the metropolis?—Yes, I think so; I think that if there was an illuminating power of 16 candles throughout the metropolis, it would be better.

111. How have the revision clauses worked, so far as you have seen?—They have worked very unsatisfactorily to the consumers, and I should think very satisfactorily to the companies, but we found it extremely difficult to get at the facts which would enable us to properly represent the consumers upon those revisions, and we found also that the revisions were really confined almost to a question of arithmetic as to what it would enable the Company to pay a dividend of 10 per cent., and the result was unsatisfactory.

112. You had no power, as the public authority beforehand, to investigate the books of the companies?—None whatever; I cannot say that the companies refused to give us any information, but we had to make requisitions for the exact

Mr. *W. Newton.*
2 June 1875.

information that we required, and that is a very different thing from entering upon a general examination to enable us to arrive at all the facts.

113. Although the companies will give you information upon the points you require, you have no right to require it from them?—I think not.

114. Then as to the questions of capital we heard that yesterday, but I will take that formally from you; you were held to be not entitled to go into any question of capital expenditure?—Yes.

115. There being a certain amount of capital raised, the Commissioners were bound to allow a dividend upon that?—Yes, they were.

116. All the gas companies are bound to file their accounts with the clerk of the peace, are they not?—Yes, and we get certain information from that, but it is not such as enables us to give very close evidence; I think Mr. Gunn when he comes to speak upon the question will tell you more accurately the facts upon that, because he was a witness before the Revising Commissioners.

117. An application had to be made to the Commissioners in the month of January in each year?—Yes.

118. The account that had to be filed went up, I believe, to the preceding March?—No; at the time when the inquiry was taking place we never could have the particulars of the last half year's working of the companies.

119. So that you had to go up to the June half-year previous?—Yes.

120. As a matter of fact, it was not possible for them to get their accounts in order at that time?—At the time they made their application, they did not even present them to their own shareholders.

121. Speaking generally, there has been a very large expenditure of capital by the Chartered Company, necessarily in their works, has there not?—Yes.

122. All that could not be either challenged or scrutinised before the Commissioners?—No; the Commissioners decided that they had no power to enter upon that part of the matter.

123. At Bromley also, in the case of the Imperial, there was a large expenditure?—It was upon the revision of the Imperial that the question was raised.

124. With regard to the question of the reserve fund, when that was not full it had to be included, as we see, by the opinion of the law officers of the Crown?—You mean the contingency fund?

125. Yes, the contingency fund in the case of the Chartered Company, and the contingency and the reserve fund in the case of the Imperial Company?—Yes.

126. If those funds were not full the companies were entitled absolutely to have a price fixed which, in the judgment of the Commissioners, would enable them to fill those funds?—They were not sufficient to fill the funds, but one per cent. upon their capital, for instance, if they had no reserve fund at all or no contingency fund at all, they were entitled to a fund of 5 per cent. under the Act; the Commissioners were only empowered in one year to place so much upon the price of gas as would enable them to carry one per cent. to that contingency fund or insurance fund.

127. At the rate of one per cent. per annum?—Yes.

128. With regard to the reserve fund, the Chartered Company have no reserve fund?—No.

129. But in the case of the Imperial Company, they were entitled to that?—Yes.

130. That would have been one of the elements which composed the price allowed by the Commissioners on revision?—On the first revision in 1873 the Commissioners gave what they considered to be a sufficient price to enable the company to discharge all their ordinary obligations and to pay their prescribed rate of dividend.

131. The 10 per cent., or whatever it was?—Yes; and in addition to that they gave them an extra sum to enable them to carry 1 per cent. to the contingency fund. I think I may place it in round figures by saying that if it had not been for allowing them something for a contingency fund, they would have given them in that year only 4 s. 2 d. to enable them to pay their dividend, and the other 2 d., which made 4 s. 4 d., must be placed on to enable them to carry 1 per cent. to the contingency fund.

132. £. 31,500 was the total sum?—Yes; and I think the 1 d. produces between 16,000 l. and 17,000 l. to the Company, so that it would be nearly equal to 2 d. upon the price of the gas. The year's working shows that the

4 s. 2 d.,

Mr. W. Newton.

2 June 1875.

4*s.* 2*d.*, which was the money assigned to the payment of dividend, was not sufficient, that the profits out of that were not sufficient to enable them to divide the 10 per cent. upon their ordinary capital; they therefore took what was necessary from the contingent fund to make up that. Our counsel contended before the Commission that whatever was put upon the price for the purpose of the contingency fund ought to be set aside and carried to that fund, and if the amount given by the Commissioners for the ordinary working of the Company was not sufficient that that should be so much from the dividend; acting in the way it did the Company were in a better position that year than if their contingency fund had been fully made up, for if the contingency fund in 1872 had existed at 5 per cent., the Commissioners would not have been allowed to put anything upon the price of 1873 for the purpose of making up a deficiency, consequently they would have had 4*s.* 2*d.*, out of which they would not have divided; their 10 per cent., they could not have done it.

133. So that, in fact, when the contingency fund is not full, any sum awarded in respect of that in the price of gas by the Commissioners would operate as a sort of reserve fund, which might correct either any error the Commissioners might make in their estimate or any deficiency caused by want of due care and management on the part of the Company during the year?—That would be so if the course adopted was a proper and legal one.

134. With regard to the Imperial (though it was a reserve fund and not a contingent fund), the same thing would apply?—Yes; the same thing has not happened.

135. With regard to that, in your judgment, having seen the working of this, do you think the provisions of the revision were satisfactory in stimulating the Companies to use due care in management?—I do not; on the contrary, it appears to me that the Companies are secured by the operation of those provisions in the way they are carried out, a 10 per cent. dividend; all inquiry into the mode in which they raised capital, or the manner in which they expend it, is stopped; the law officers of the Crown decided that the Commissioners had no power to go into that, and there does not seem to be any effectual check against any improvidence on the part of the Companies at all.

136. As to the Imperial, in the case of the Imperial they had something given them in 1874 to make up their reserve fund?—Yes; they had a sum of money given them in reference to their contingency fund. I said the same thing applied to them, but I do not know that the same thing has happened of applying that fund to the purposes of dividend.

137. There has been in the past few years a great famine, and a great increase in the price of iron, labour, and other matters that would go to increase the price of the manufacture of gas; what is the operation of the revision clauses with regard to a Gas Company which has the benefit of them when such trade contingencies arise?—I think the result of the revision shows that it has no effect whatever upon the Gas Companies that whilst all other systems of manufacture in this country are affected to a certain extent by what you call the coal famine, and the profits of every manufacturer where coal enters largely into consumption are very much reduced, in respect of gas in the metropolis clauses like those which have recently been put into operation free them altogether from the ordinary effect of a higher rate of prices, and place them in an exceptional position from any other class of manufacturers.

138. As I understand you the effect of that would be, always assuming that the Commissioners' price does give them enough to pay the maximum dividend which the Statutes allow, that they would by the operation of these clauses be removed from the contingencies to which I have alluded as traders?—Under the present law I think it is indifferent to the Gas Companies as to what the price of coal and iron is, that is unless it exceeds what the 5*s.* 6*d.* would give them.

139. Supposing, by accident or miscalculation, a company cannot get its dividend with due care and management, that is lost to them, supposing the Commissioners allow a certain price?—Yes, certainly. In the case of the Chartered Company, if it had not happened that their contingency fund was short during the year 1873, and the Commissioners had confined their price to 4*s.* 2*d.*, then one of two things must have happened; either the shareholders would have gone short of their 10 per cent. dividend or extra care and management would have been induced on the part of the Company to have made the profits equal to the dividend.

Mr. *W. Newton*.
2 June 1875.

140. In your judgment, is it desirable that there should be a constant motive operating to induce due care and management?—I think so; I think every person will say there ought to be a community of interest between the shareholders of the Company and the consumers.

141. The Bill which is before the Committee has been introduced at the instance of the City of London and the Metropolitan Board, for the purpose of securing uniformity in the provisions applicable to the supply and sale of gas in the metropolis?—As far as possible.

142. Has the working of the Act of 1868, and the question of the supply of gas in the metropolis, been a matter which has from time to time been brought under the notice of the Metropolitan Board?—It has.

143. From what quarters?—When the notice of revision was given by the two companies, especially in 1874, the Metropolitan Board was very much pressed by the whole of the vestries and district boards upon the question. There were communications from almost all of them calling upon the Metropolitan Board to take some active measures to protect the consumers. I have here cuttings from the minutes of the Board, which show that a great number of communications were received. I need not read any of them; they are all very strong, calling upon the Board to defend the consumers before the Commissioners, and some of them, I may say, are very strongly denouncing the proceedings of the companies in making a call for such a very large increase.

Chairman.] I think you had better give one or two of those.

144. Mr. *Philbrick.*] Take one at random?—They are very shortly extracted. I may say that although the companies are not entitled to make a claim for revision before January, still in December (I am not quite sure whether it was not November) but certainly before the end of the year 1873, the Chartered Company communicated to the Board their intention to apply to the Board of Trade for a revision in the following January, so that caused communications to be addressed to the Metropolitan Board upon that subject so early as the 5th December; and on the 5th of December "The clerk presented communications from the vestries of Saint George's, Hanover-square, and Saint James's, Westminster, and from the Saint Olave and Whitechapel District Boards, objecting to the proposal of the Gaslight and Coke Company, relative to an increase in the price of their gas during the year 1874, and urging the Board to use every exertion to resist such increase." Then there is a communication from Marylebone, in which they say, "I am directed by the Vestry to forward the enclosed copy of Report, presented to the Board by the Committee appointed to consider the proposed increase in the supply of gas, the recommendations of the Committee having been unanimously adopted by the vestry, and to request you will be good enough to lay the report before the Metropolitan Board of Works at their meeting to-day.—I am, &c. J. E. WAKEFIELD, Esq. (signed) W. E. Greenwell. St. Marylebone. 8th December 1873." At the Committee appointed to consider the proposed increase in the price of gas; present: Rev. D. W. Marks in the chair; Messrs. Edwards, Boulnois, Stevens, Moors, Admiral Oliver, and Mr. Wilson, your Committee report that they have considered the communication from the Chartered Gas Company to the Metropolitan Board of Works, forwarded to the vestry by that Board, stating the intention of the Company to make an application to the Board of Trade for permission to increase the price in their gas, now at 4 s. 4 d. per 1,000 feet; and they recommend the vestry to express their appreciation of the earnestness and ability with which the Metropolitan Board of Works have taken up the opposition to the proposed increase, and that the vestry do approve of the intention of the Board of Works to oppose the application of the Chartered Gas Company to further increase the price for the year 1874. Your Committee also recommend that the Board of Trade be requested to go into the inquiry to be instituted on the intended application of the Imperial Gas Company, of which that Company has given notice, and to resist any increase in the present price of gas in that district. Your Committee further recommend that the Board of Works be requested to take into consideration whether, in the event of their failing to resist successfully the Company's application to increase the present price of their gas, it would not be desirable to take measures for the repeal of the existing Acts of Parliament regulating the dividends to be paid to the companies and the price of gas." I have a great number of them.

145. Those are a sample, showing that at that time the working of the clauses

practically had been felt by the district local authorities who represent more immediately the consumers?—That is so.

146. The Metropolitan Board itself would scarcely be in the position to receive private consumers' complaints; they would scarcely come to them, would they?—No, they would come through the local boards.

147. Having seen the result of the revisions, as applied in the two succeeding years, and in the three applications that have been made before the Commissioners, did the necessity for some more effectual check upon the Companies present itself to the Board?—It did; the Board were clearly of opinion that unless the interests of the shareholders could be identified in some way with the consumers' interests, there would be no effectual check. The Board had no desire to interfere with the Gas Companies further than effecting that, if possible. We should be very willing to leave the manufacture and distribution of gas in the hands of the shareholders and directors of the Company, if they were interested in the same way as the consumers; and the only way in which it struck us that that interest could be brought about was by making the dividend dependent upon the price; that if the price was low to the consumers, the dividend should be maintained to the shareholders, but if the price was increased to the consumers, then the shareholders should submit to a reduction of dividend; and we know of no other reason to induce the due care and management which is referred to in the Act. I have perfect confidence in the ability of the people who conduct the Gas Companies, if their interests were in the way I have indicated.

148. That is your belief, that community of interest is the true secret for pulling together?—It is natural; you cannot expect people who have no personal interest in the exercise of great skill and economy to exercise it, and they have no interest in doing so. If they can secure a sum from these revising commissioners which will, under any circumstances, enable them to pay 10 per cent., they have no further interest in the matter.

149. The Board introduced, or there were Bills introduced which I dare say will be mentioned in the Committee; one being for the purchase of the Gas Companies, and another for new works, to give what I may call a competing gas supply. In doing that did the Board act upon the Report of Lord Cardwell's Committee in 1867?—They did; I may say that in the year 1870, I think we had a communication from the Board of Trade; the President was then Mr. Bright, but he being unfortunately absent through illness, Mr. Shaw Lefevre was the Vice-President and an acting officer of the Board at that time. He desired the Metropolitan Board in November 1870, to prepare a measure for the ensuing Session, which would regulate those Companies which then remained under the Act of 1860, in the direction of placing them under the Act of 1868. The Board then met Mr. Shaw Lefevre's proposition, by drawing his attention to the fact, that in 1868 the Board endeavoured to prevail on the Committee of the House of Commons to extend to the whole of the metropolis the provisions of the City of London Gas Act, and the Committee, over whom Lord Cardwell presided, declined to do so, on the ground that the Board were not prepared with an alternative scheme; the Committee were indisposed to disturb the existing arrangements of the other Metropolitan Companies, unless the latter afforded them an opportunity for doing so, by applying to Parliament for a further power. So it appeared to us that the recommendation of Lord Cardwell's Committee almost prevented us from asking for an alteration of the Act of 1860, as it affected the remaining Companies, unless we went before Parliament with a competing scheme; that was the view we took of it at the time.

150. That was a Bill which the City had introduced in 1866, which enabled Lord Cardwell's Committee to make that Report, and upon which ensued the legislation of 1868?—That is so.

151. The Board had no Bill through the City?—The Board had no Bill, and the Board therefore could obtain no advantages.

152. The City got the City Gas Act; the Metropolitan Board had no Bill, and the Board could not get similar provisions extended to the whole of the Metropolis?—Yes; but it happened when the Chartered Company took their Bill that we were enabled, though we were in that position, seeing that they had a power of supply outside the City, as well as inside the City, to get them put

Mr. W. Newton.
2 June 1875.

upon the same terms with regard to the supply outside, the same terms as they were upon to supply the inside; that is, the Chartered Company accepted their Bill; the provisions of the City of London Act applying to their whole area.

153. So as they have amalgamated successively with Companies outside the district, the other Companies so amalgamated have virtually come under the provisions of the 1868 Act?—Yes.

154. The other Bill was a Bill for the purchase of the Companies' undertaking?—Yes.

155. What was the object of that Bill?—Of course when we promoted our Bill for an independent supply, it was in order to comply with the conditions laid down in Lord Cardwell's Report, but everybody will believe that we who are interested in the government of the Metropolis, have no desire to see a duplicate of all the gas works in London, with additional mains laid down in every street; our desire therefore was to put before Parliament an alternative Bill, which would enable us on fair terms to purchase all the existing undertakings, and to prevent the necessity of establishing new works, and ripping up the streets for new mains.

156. *Chairman.*] What was the date of that proposition?—At the commencement of the present Session.

157. *Mr. Philbrick.*] As I understand, the Bill for a competing scheme was an alternative, which, rather than have nothing, you would be prepared to take, but which you did not desire yourselves if you could find some other solution?—No, we were quite prepared to enter upon the purchase, upon terms, and were only induced to withdraw our Bill at the suggestion of the Government.

158. *Chairman.*] What steps were actually taken with those Bills?—With regard to the first Bill we gave the Parliamentary notices in November; we deposited the Bill according to the Standing Orders, and the Bill was read a first time formally. We then withdrew the Bill before it had come up for second reading. This is the Bill (*handing it to Sir Edmund Beckett*). I am giving the reason why we withdrew the Supply Bill: we withdrew the Supply Bill because after finding that the Imperial Company were prepared to entertain terms of purchase, and that the Gaslight and Coke Company had themselves proposed terms of purchase, we thought we were justified in concluding that the terms of purchase were not contrary to the views of the Gas Companies.

Mr. Philbrick.] Those being the two leading gas companies.

Witness.] Yes; therefore there was no necessity for us to proceed further with our New Works Bill, and we were prepared to rely on our Purchase Bill. We went on with that till the day when it was set down for second reading; but we had a communication from the Home Secretary, Mr. Cross, that he would like to see some of us upon the question. Accordingly a deputation from the Corporation of London, and the Board, waited upon the Home Secretary, and explained their views to him upon this question of purchase. He asked us several questions as to the probable cost of the purchase, and we gave him several estimates, both upon the basis acknowledged in our Bill, which was the market value of the shares at the time, and upon the basis of the value for some time preceding the 1st of October last, that is to say, three years. When we fixed three years, we did not do that in the hope of depreciating the shares, but because we found that two years before the gas shares were higher than they were at that immediate period, so that in making it three years preceding the 1st of October last, we really gave to the companies a higher price than we should if we had fixed it at a period immediately preceding our operations for the Bill. It was with a desire to do justice to them. Then, having explained all this to Mr. Cross, and giving our estimate of the cost of purchase, we found that somebody else had been speaking to him, and representing the value of the companies as something like 30,000,000*l.*, which was about double our estimate. I may say that Mr. Smith, the Secretary of the Treasury, was with Mr. Cross when we had our interview. He represented the Treasury, as it would, of course, involve

involve the raising of a large sum of money to make the purchase, and it appeared to us, although they did not directly say that, that they thought the expenditure of so large a sum required a very great deal more consideration than the Government had then given to it. Mr. Cross said, "We know that you have paid a great deal of attention to the subject yourselves, but the Government have not yet had an opportunity of considering it, and before they could consent to your spending so large a sum (without saying what it might be, whether 20,000,000*l.* or 30,000,000*l.*), the Government should have a further consideration of it. However, he undertook to consult his colleagues; and on the day when the Bill was to be read a second time, or the day before—I think it was on the Monday night—he promised to give us an answer. Sir James Hogg, the City Remembrancer, and several others, went down to the House on Monday night, and saw the Home Secretary, and he then told us that the Government thought we ought to withdraw that Bill, and not proceed further with it on the second reading, and as regards the Regulation Bill, the Government would be prepared to give us some help with regard to that. Upon that we withdrew the Bill. The Chancellor of the Exchequer in his speech on the second reading of the Regulation Bill, stated to the House that we had withdrawn our other Bills at the request of the Government.

Mr. W. Newton.

† June 1875.

159. Mr. *Philbrick*. Were the City and the Board, having introduced those Bills by common agreement, prepared to take the responsibility should either of those Bills become law?—Certainly.

160. With regard to this Bill, which is a Bill for the regulation of the supply of gas within the limits of the Metropolis, I see generally the scheme of the Bill is to adopt one uniform set of provisions as far as can be?—That is so.

161. Will you tell the Committee what your views are with regard to this question of uniformity, and the views that have influenced those that are supporting the Bill?—We have come to the conclusion from the information that has been given to us, and which will be given, I have no doubt, in evidence to the Committee, that the Companies supplying the gas to the Metropolis can supply it at the prices stated in the Bill, that they can give a gas of 16 candles (which I should say is only equal to what a gas of 14 candles would have been in 1860, and is not therefore an increase of four candles on the legislation of 1860).

162. *Chairman.*] Will you tell us why?—Because, as I explained before, when the Act of 1860 was passed the gas was tested by a certain burner; there have been such improvements made in the burners now used for testing, that the same gas which then showed an illuminating power, under that mode of testing of 12 candles, would now show an illuminating power of 16 candles; there is no increase in the quality of the gas, but an increase in the quality of the burners. That is acknowledged on all hands.

163. The burner mentioned in your Bill enables gas that otherwise would give a light of 14 candles to give a light of 16 candles?—Yes; the burner mentioned in our Bill would enable the same gas to show a light of 16 candles, which, if tested by the burner of 1860, would only show a light of 14 candles.

164. We have to consider what the consumer gets?—That gives rise to another question; it gives rise to this question, as to whether the burner now in use for the purposes of testing, is one that can be applied to the general use of the public, and there has been a contention upon that point between some representing the public and the referees who prescribe the testing burner. There is a great difference of opinion upon that. Certainly no one can say that the burner used for testing can be indiscriminately used by the public. It is so nicely arranged for the admission of so much atmosphere with the gas as to produce the most perfect combustion; and any derangement of the external circumstances, such as creating a draught, causes a difference in the burner. It has been therefore said, that that cannot come into general use, but the referees have gone into that part of the question, and in their last report they have reported that they consider that it can be made of so much general use as to justify them in prescribing it as the burner for testing.

185. Practically, is it a burner in general use?—No.

166. Mr. *Philbrick*. The burner of the Act of 1860, the Argand burner with a seven-inch chimney, consuming five feet of gas per hour, is the ordinary Argand burner?—Yes.

Mr. W. Newton.
2 June 1875.

167. *Chairman.*] Is there anything in the size of this burner recommended by the referees that would make it difficult to be used for private houses?—No, not for private houses, but it is an Argand burner, and is not such as could be applied generally.

168. Mr. *Birley.*] It would not be applicable for use in a common cottage?—No; you might use it in a drawing-room where you had plenty of room.

169. Mr. *Philbrick.*] The burners will be produced before the Committee, and scientific evidence will be given as to their capabilities, and so on. (To the *Witness.*) If I were to take a gas pipe along the top of this table and were to put here the burner of 1860, and here the burner which the referees have prescribed as the test now, if I could show a light of 14 candles by the old burner, I could show a light of 16 candles by the new?—Certainly, by the same supply pipe.

170. So that the improvement in the burner (if the quality of the gas remained the same) is a concession of two candles to the manufacturer of gas?—Yes.

171. The burners prescribed are what are called the test burners?—Yes.

172. They are applied by the gas examiners when they test for the illuminating power with a photometer?—Yes.

173. When the gas has passed the test, and is delivered to the consumer through the service pipes, he of course is at liberty to burn it with any burner that the company do not object to?—I do not know that a company has the right to object to any burner.

174. The test has insured that he gets gas of the prescribed quality?—Yes, if he can use a duplicate of the test-burner, he is at liberty to do so.

175. *Chairman.*] When you talk of uniformity, you mean this, that the illuminating power of the gas supplied by all the companies supplying London, should be raised up to the same illuminating power as the Chartered Company?—Yes.

176. Mr. *Philbrick.*] You propose that the test-burner should be a fixed thing, and should not be subject to fluctuation, so that when we are dealing with the thing now we are dealing with a known quantity, which is not to be diminished by any subsequent improvement in the manufacture of burners?—That is most important.

177. Mr. *Birley.*] Like a standard measure?—Like a standard measure. As after the legislation in 1868, the improvement in burners, to which I have referred, had the effect I have mentioned, so, after the present year, further improvements might take place, enabling the companies to supply gas of less inherent quality at the same price. We want you to stamp a standard, and that that shall be the standard till the Legislature alters it.

178. *Chairman.*] Do you mean this, that supposing there be such improvements in burners as would enable the same quality of gas to give, by the test-burner, a greater light, you would wish to have the advantage in price rather than an advantage in light?—That is, if such an improvement as you refer to should take place under which the present gas now supplied as 16 candles should be made into 18 candles by the introduction of this burner, that would enable the Company to record their gas as being equal to 16 candles, whilst only giving gas equal to 14 candles. Now we do not wish that. We wish that it should be according to the standard now adopted.

179. You wish to get more light, if the burner would give it you?—Yes, without an increase of charge.

180. Mr. *Birley.*] It would be uncertain whether the new burner would be applicable everywhere?—Yes.

181. Mr. *Philbrick.*] I now come to Clause 6 of the Bill, that is, that the price to be charged in this Act referred to as the maximum price shall be 3s. 9d. per 1,000 feet for common gas, with a proviso, "That the company may increase the maximum price, subject to a decrease in the prescribed rate of dividend as defined by this Act, to be calculated as follows: For every penny, or part of a penny, charged in excess of such maximum price in any year the said prescribed rate of dividend shall for such year be reduced by 5s. per 100 l. per

per annum." I see it is proposed to put the price at 3 s. 9 d. per 1,000 feet as the standard price?—Yes.

Mr. W. Newton.

2 June 1875.

182. Will you tell us what your views are upon that matter?—I can only speak upon this question of price as a question of general policy; I only know what the gas companies can do by seeing what they have done, and by reading the evidence of gentlemen who have appeared before different tribunals, as to what the London gas companies ought to do, but as to what the initial price ought be, whether 3 s., or 3 s. 6 d., or 3 s. 9 d., that ought to come from those witnesses who know, practically, what gas can be manufactured at.

183. The only thing that I was anxious you should explain to the Committee was that in putting the proposal in the Bill before Parliament, the promoters have taken the opinion, and have availed themselves of the experience of those competent to give an opinion upon it?—Yes, we have taken the best advice we could possibly get, and we have devoted our attention to those Blue Books before you with a view of arriving at a proper conclusion.

184. In putting forward the particular figures before the Committee, is it the belief of those who promote the Bill that if the companies use ordinary care, fair manufacturing care, they would be in no worse position as regards their shareholders than they are?—Certainly, that is our opinion, and I think we are sustained in that by the opinion of Lord Cardwell's Committee, who fixed the lower rate of 3 s. 6 d. as the initial price for 16 candles; and if in the year 1868 the manufacturers of gas could be expected to produce an illuminating power of 16 candles for 3 s. 6 d., clearly in the year 1875 that ought to be considered rather a high price than a low one.

185. The science of gas making is not a stationary one!—It ought not to be.

186. And the population of London and the consumption of gas is not stationary either?—No; I think you ought to consider that every year the increase in the consumption of gas is very enormous; the same plant, to a very great extent, is sufficient to distribute a very large increase in the course of a few years, and that ought to be a reason for a reduction of the price of gas at stated periods.

187. One of the companies you mentioned to the Committee is actually supplying 14 candles by standard at 3 s.?—That is so.

188. Does 14 candles by standard mean that the company supplies a bare 14 candle gas?—No, that 14 candle gas is tested with the new burner; it is 14 candles under the new burner.

189. What does it come out at?—I suppose it will be told to you by the company that in order to comply with the restrictive clauses of the Act, which place them under a penalty if in the course of any day they are under the standard fixed; they are obliged to give a very much higher illuminating power than that fixed by the standard; that is to say, in order to secure themselves against ever going below 16 candles they must supply a gas, which on the average equals 17 candles; that is no doubt what they would say, and that is the fact, as far as I know.

190. As to that part of the clause that provides for a diminution of dividend in case of increase of price of gas, is that founded on the principle of the community of interest that you mentioned to the Committee?—That is the only way in which we can see that the two interests can be united.

191. There are also some manuscript clauses which I have here dealing with the same subject, 48a and 48b, which have been proposed since the Bill was in print, which provide that if the profits are more than sufficient to make up the prescribed dividend, the excess for such purpose shall from time to time be invested in Government or other securities, and the same shall be added to the reserve fund, if there is any such fund belonging to the company, or to create one in case there be not a reserve fund, so as to amount to 5 per cent. upon the paid-up capital of the company, which shall form a fund to meet any deficiency; the fund is to act as a sort of guarantee for the dividend, in case it should happen that there was not enough to pay the dividend out of the divisible profits of the company in any particular year; and the next clause is, "If in any year during which the price charged by any gas company has not exceeded the maximum price, and the profits to be divided amongst the shareholders shall not amount to the prescribed rate of dividend, such a sum may be taken from the dividend deficiency fund, as with the actual profits to be divided in such year

Mr. W. Newton.
2 June 1875.

will, so far as may be, enable such gas company to make a dividend of the amount aforesaid, and so from time to time as often as the occasion shall require; provided always, that nothing in this section contained shall authorise the application of any part of the dividend deficiency fund of any company to make good any deficiency in the dividend for any year, which may be caused by any forfeiture or fraud, and which under the provisions of this Act is to be borne and paid out of the divisible profits of such company, and by way of reduction of dividends;" so in that way you would allow a good year of manufacture or management to lay by a harvest as against a bad year?—Yes.

192. What do you say as to that modification and the qualification of the 6th Clause?—We thought that the clause, as modified, would meet the requirements of the Government, and would, to a very great extent, satisfy the companies. We were told that the companies required only that they should have a provision against such exceptional periods of prices as have just occurred, and that they did not desire anything, but that their 10 per cent. should be rendered as secure as due care and management could render it; it appeared to us that this was a means by which that might be carried out; we suggested this to the Government, when they made a certain objection; that is to say, to Sir Charles Adderley, when he made a certain objection to the 6th Clause, and Sir James Hogg placed it before him in the form I have stated, and Sir Charles Adderley said he thought that some modification of that sort would meet the requirements of the case. Of course he did not pledge the Government to that, but he stated that he would consult the Chancellor of the Exchequer upon the subject.

193. It is from what took place at that interview, it being a proposal of yours, that the manuscript clauses have been added?—They have been added with the view of meeting the objections to the 6th Clause on the part of the Government.

194. *Chairman.*] Were your manuscript clauses laid before the Board of Trade before this letter was written?—No, the manuscript clauses were not in manuscript, but in the course of the conference which we had with Sir Charles Adderley about the second reading of this Bill, when he made an objection to the 6th Clause as not being fair and in accordance with past legislation, it was suggested to him whether an alteration in the way I have stated would be acceptable to the Government, and he said he thought a modification in that direction might meet the case.

195. Mr. *Philbrick.*] The clauses were not settled till late on Saturday night?—That is so.

196. And they had not been submitted to the Board of Trade at the time when the letter of Sir Charles Adderley was written on the 31st of May?—That is so.

197. *Chairman.*] As to this 6th Clause, take, for instance, the Chartered Company, that is now at 3*s.* 9*d.*; last year it was 5*s.* Your clause, without your manuscript clauses, would have meant this, that there would have been 3½ per cent. less dividend while that price of 5*s.* lasted?—That would have been so if the Company had charged 5*s.* during the last year.

198. Supposing the Company had charged 5*s.*, there would have been 3½ per cent. less dividend, that is to say, instead of being 10 per cent., it would have been 6½?—Yes, but if the Company had not been subject to the Revision Clauses they would not have charged 5*s.*, and therefore would not have subjected themselves to this. I ought to say this, that the Commissioners gave 5*s.*; the 5*s.* was more than they need have given. The workings of the year are now before us, and from the reports of the Company we find that they could have done with a much less sum than 5*s.*; they have discharged all their obligations, and have paid the prescribed dividends on their ordinary shares of 10 per cent., and they could have done that with something less than 4*s.* 8*d.*, if they had not carried anything to the contingency fund.

199. I want to know the exact meaning of the clause; I suppose you mean this, that in case we should have another coal famine, and the prices of coal very considerably rise, the object of this clause is, that the effect of that should be in a measure divided between the producers and the consumers; that while you have to pay more, they should divide less, so as to make it fair, in some way or other, upon both parties?—Yes.

Mr. W. Newton.

2 June 1875.

200. I understand the object of your manuscript clauses is to secure that when prices are low the Company should save money sufficient to make up for a loss when the prices are high, so as to prevent their having either to diminish their own dividend, or to increase the price of gas?—Yes.

201. Mr. Birley.] You would leave the Companies no inducement to increase the price?—I would leave the Companies no inducement to increase the price under any circumstances.

202. Mr. Philbrick.] I will now just take you to one or two of the other parts of the Bill; I have dealt with the question of the price of gas; the next heading is the illuminating power; illuminating power cannot very well be considered apart from price, can it?—The questions of illuminating power and price are one.

203. When you determine what the article is, you must see what price you are to pay for it?—Yes.

204. As a matter of fact, there is no cannel gas consumed in the metropolis now?—There is some, but I think the tendency is to come to common gas, and if we can get a uniform illuminating power of 16 candles, I think almost every district would prefer that to cannel gas.

205. A large proportion of what was the western district, which is now supplied by the Chartered Company, was supplied with cannel gas?—Yes; and strong representations have been made from the parish of Kensington to the Metropolitan Board, requesting them to use their best endeavours to get it altered.

206. The Chartered Company supplied in parts of its district cannel gas, but at the instance of the gas consumers that supply of cannel gas been changed by the Chartered Company into common gas?—Yes.

207. With regard to the appointment of the gas referees, they have all hitherto been appointed by the Board of Trade?—Yes.

208. Now we propose to appoint one by the Board of Trade, one by the local authorities, the Corporation and the Metropolitan Board, and one by the gas companies?—Yes.

209. What is the object of that proposal?—There was some dissatisfaction as to the mode in which the referees discharged their duties; I think there have been some changes in the referees since they were first established, but in order to avoid all questions, it was thought that if the different interests were represented it would be more satisfactory. I may say there has been a long correspondence as to the question of meter testing, or rather of gas testing by the burner, and also with regard to the purity of the gas.

210. The referees do not hold what is called a court, and no parties have any right to appear before them to represent their views?—No.

211. Mr. Philbrick.] There is no provision now by which the views of either side can be represented before the referees?—No, I do not reflect at all upon the present referees in any way.

211.* Have the referees any work outside the metropolis?—No, and they are confined only to those companies who are under the Act of 1868 and the Act of 1869; they have no duties to perform and no functions in respect of the companies that still remain under the Act of 1860.

211-1*. Mr. Philbrick.] Is that one of the anomalies you desire to remove?—Yes.

211-2*. You propose to put all the companies under the new referees?—Yes; the only thing we propose with regard to the referees is, that there should be a difference in their mode of appointment, but that their functions should be pretty much the same as they are at the present time.

211-3*. There is a clause struck out and a new one substituted, "The average of all the testings of illuminating power and pressure on each day shall be deemed to represent the illuminating power and pressure respectively on that day;" that is substantially the existing law?—Yes.

212. But under the Act of 1868, you are limited to certain testings made at prescribed times?—Yes, three testings a day.

213. After those prescribed times, no matter what happened, you could not have a test?—Those times are not prescribed by the statute, but by the referees.

Mr. W. Newton.

2 June 1875.

214. This is the 47th section of the Act of 1868: "There shall be testings of illuminating power made three times at least each day, and at intervals of not less than one hour between the hours of 10 and 5 in the months of October to March, and between the hours of 8 and 11 in the months of April to September"?—Yes, our manuscript clause is proposed, because it was said that the clause as printed was too stringent upon the companies; it made it penal that any one of the testings should be below the specified standard; whilst the Act as it at present exists gives the average of the three testings, we thought it only fair that if during the day a number of testings took place, the average of the daily testings should be the illuminating power of that day.

215. So that the gas should not be at any particular standard to meet a known testing at a particular time, but that it should be tested fairly?—Yes.

216. There is one matter I should like to draw your attention to, and that is this, we had 13 companies supplying London at the time of the Act of 1860?—Yes.

217. And there is power given to amalgamate?—Yes.

218. Amalgamations have taken place chiefly with the Chartered Company?—Wholly with the Chartered Company.

219. What has been the result of those amalgamations as regards the supply of gas to the consumers?—I should think they have been disastrous to the consumers in many districts.

220. Will you explain your views on that question of amalgamation?—When the Act of 1868 was passed, I was very much in favour of amalgamation, and I quite agreed with the recommendation of the Committee upon that question. Since 1868, when the Chartered Company have proposed amalgamations, I have thought they would be very likely to do good in the way of reducing the expenses of management and bringing about a different state of things in the interest of the consumers; but I am very much afraid that they have been most disastrous to the consumers. For instance, I may tell you what occurred with regard to the Great Central Gas Company, of which I know something, and which supplied a portion of the City; in fact, it was confined in its supply entirely to the City. I think it supplied about a third of the City. I read in the evidence given by Dr. Lethby in 1866, that that Company supplied the City of London from the year 1852 to 1860, on the passing of the Gas Act, with gas at 4 s. per 1,000 feet, an illuminating power, tested by the old burner, equal to 14½ candles, which, according to the present mode of testing, would be 16½ candles; and at the time of the amalgamation, notwithstanding some difficulties which the company had encountered first by that accident. The question, as I propose to answer it, affects a great deal the 6th clause of the Bill; it shows the necessity for the 6th clause of the Bill. I was going to say that when the Great Central did amalgamate with the Chartered Company, in the very year preceding its amalgamation, it realised a profit equal to 16 per cent.; and though it could only divide 10 per cent. under the Act, it had to carry the other 6 per cent. forward, and in the course of the next year, or the year after, there must have been a deduction in the price of gas; but in consequence of its amalgamation with the Chartered Company, the citizens of London, instead of having their gas at 3 s. 6 d. or 3 s. 9 d., as they would have had it, were compelled during the year 1874 to pay 5 s., the Chartered Company having swallowed up the whole of the profits of that company, without being enabled to give the slightest corresponding advantage to the consumers.

220.* Mr. Philbrick.] You have not found the system of amalgamation, that is to say, the bringing of the smaller companies under the management of a larger one which has absorbed them, has worked well for the interest of the consumers?—It has been most disastrous, I say.

221. Chairman.] I just wish, for general information, to ask a question or two. Are there any private producers in the metropolis?—None, unless for their own consumption; no person is allowed to manufacture and sell gas in the metropolis, but the 13 original companies.

222. Are there many large works that do produce for themselves?—I think not, not many; some of the railway companies may, and, probably, some of the large manufactories; in the Isle of Dogs, for instance, but not to any large extent.

223. Have

Mr. W. Newton.
2 June 1875.

223. Have you any estimate you can give us of the population that is included in the area of each of the companies?—We can give that; that shall be handed in.

224. Can you tell us in what manner the area of each company has been fixed; has it been fixed according to any fixed boundaries in the metropolis?—No; the area was fixed by Mr. Sotheron-Estcourt's Committee in 1860, and I think it was very much fixed by the companies themselves. As Mr. Cripps explained to you yesterday, in the year 1853, on the south side, and in the year 1857, on the north side, the companies had to come to an understanding amongst themselves not to compete against themselves in certain districts, and that was made legal by Mr. Sotheron-Estcourt, as the Chairman of that Committee, adopting that map and signing it, copies of which were deposited with the proper authorities.

225. The areas did not follow the areas of parishes or boroughs?—No.

226. With regard to the referees, are there any instructions under which they act?—None, except the Act of Parliament.

227. Mr. Talbot.] I think you said that the Chartered Company supply gas of a higher illuminating power than any other company now?—The Act of Parliament prescribes a higher rate; whether they do so or not I do not know.

228. They comply with the Act, I suppose?—Yes, they comply with the Act, but whether any other company gives as good an illuminating power I do not know.

229. Have you any means of saying whether the parts of the Metropolis supplied by the Chartered Company are better supplied by gas than those which are supplied by other companies?—No.

230. You have no means of ascertaining that?—No; we know that their Parliamentary standard is higher; that is all we know.

231. I want to ascertain whether you have any information that the consumers of gas are better satisfied in the district of the Chartered Company than in any other district?—I have no information about that, but clearly they must be better satisfied with 16 candles than with 14 candles.

232. Mr. Bristowe.] I understand your answer to the Honourable Member to be that you have no information from private consumers one way or the other?—No, we have no information from private consumers.

233. As to the areas you have just spoken of, I suppose the Act you allude to did not alter the Parliamentary areas that were to be served by the different companies that were in existence before?—The districts were not assigned to the companies before the Act of 1860; till that time they were open to competition by the Act of 1860; they were districted into those areas.

234. Under their Acts, certain areas would be apportioned to them that they would be able to serve?—No, they had a name which rather indicated their locality, but there were no boundaries fixed.

235. Mr. Birley.] Was the districting done by agreement between the Companies?—Yes, that appears to be so; they had practically carried out the districting before it was legalised by that Committee.

236. Have you any information as to the quality and price of gas supplied beyond the Metropolitan district, how they compare with the quality and price within the district?—No, I have not.

237. I mean, in the district immediately beyond your boundary?—No. The difference of supply is so great between the one and the other, that the comparison would not be of much value.

238. Mr. Talbot.] These Companies do not cover the whole area of the Metropolitan Board?—Not quite; we have only included in our Bill the Companies included in the Act of 1860.

Cross-examined by Sir Edmund Beckett.

239. I was going to begin with that Act of 1860; first, as to districting; the Companies had arranged the districting between themselves, I suppose, with reference to the convenience of boundaries, so far as they could?—I presume, in reference to their existing supply at the time.

240. And their existing supply at the time would of course be adjusted to convenience?—Yes.

Mr. W. Newton.

2 June 1875.

241. That is to say, if Company A. found that they could more conveniently and cheaply with reference to their expenditure on mains, and so on, supply a certain district, and Company B. could more conveniently supply up to that district, it would be so settled?—I think it was more with reference to places where their mains existed.

242. They must have put down their existing mains at some time?—Yes.

243. They would put them according to convenience?—They might have put them down with the probable expectation of extending them in that direction.

244. Then came the question whether Company A. should be extended westward, and whether Company B. should be extended eastward, and they arranged between themselves according to convenience?—Yes.

245. You were asked whether the Act of 1860 was the Act of the Metropolitan Board; what is the view you put before the Committee as to that?—I said, No.

246. I think you ought to have said, Yes, from my recollection of it; it was brought in, in the first instance, by an energetic gentleman of the name of Mr. James Beal, and was afterwards adopted by the Metropolitan Board; they went so far as to pay the costs of it?—Upon compulsion.

247. In the House of Commons it was suggested that they ought to pay the costs of it, was not it?—There was a clause in the Bill to that effect.

248. It was suggested that the Metropolitan Board ought to pay the costs of it; you do not suggest that the gas companies put the cost upon you?—No, the gas companies were opponents of the Bill up to a certain point.

249. We will come to that presently; this clause was put in in the House of Commons; the costs clause?—I think it was put in by the Committee.

250. Who were the Promoters of the Bill in the House of Lords?—That I cannot tell you.

251. Yes, I think you can; the Metropolitan Board was not it?—No, certainly not.

252. Are you sure of that?—I should say certainly not; I was not a member of the Metropolitan Board then, but I should say certainly not.

253. You do not suppose the gas companies were at any rate; you do not suggest them as being the Promoters?—I should rather think they were after it left the Commons than the Metropolitan Board, because it was so much in their favour after it left the Commons that it is not at all improbable.

254. You do not know as a matter of fact?—No.

255. As you say it was in their favour, how did it come to be in their favour; what did it do for them?—It gave them the price of 4 s. 6 d.

256. We will take that first. When you say that it gave them 4 s. 6 d., the fact was that most of them, in fact all but one, if I remember rightly, had the power to charge 4 s. 6 d.; was not that so?—Yes, I dare say it was.

257. What else did it do for them?—It enabled them to pay the dividends, which they had not been enabled to pay for six years previously up to the rate of 10 per cent.

258. Will you point out to me how it did that, or how they were restricted before that time from paying back dividends?—They were not restricted, but they did not pay them.

259. What did the Act give them that enabled them to pay them?—Previous to 1860 the companies were liable to competition.

260. They had ceased before that for years to compete?—They may have ceased.

261. You know they had?—They may have ceased to compete, but they had no power to prevent the introduction of new companies.

262. But no new companies came?—There was a new company came in the east of London, the Great Central, in the year 1850.

263. I should call that an old one; you may call it a new one?—I should like to explain the operation of that company; we had the Commercial Company existing there before that company came; the Great Central came to supply the City of London. In order to get Parliament to enact that the Great Central Company should be prohibited from supplying any portion outside the City, the Commercial Gas Company entered into an arrangement with the authorities at the east of London, not to charge a higher price than was charged by

by the Great Central Company; the Great Central Company in its Act was limited to a price of 4 s.; it could not go higher for any purpose; the consequence was that the Commercial was bound to a price of 4 s., but when the Act of 1860 was adopted the competition was destroyed, which was possible before that time, because any new Company might have been started for the purpose. They were entitled to go up to 4 s. 6 d.; they went as high as 4 s. 5 d., and they paid their back dividends for the six years previous to the passing of the Act of 1860, which amounted, I think, to 24 per cent. in addition to the 10 per cent. for the current time.

264. They could have paid back dividends not only for six years, but for 16 or any number of years if the Act of 1860 had not passed?—They went up above the price that the neighbouring Companies were charging; they were liable to the introduction of competition by the establishment of a new company.

265. I agree with you that the prohibiting of competition was an advantage, but I want to see what advantage they got in the way of price; with the exception of the Central Company, not a single company got any advantage in the way of price, did they?—I do not know what they were charging before 1860.

266. Have you the least idea, having gone into this question for many years, that the Imperial, for instance, got any kind of advantage by the Act of 1860, except the removal of competition?—I should think that was the great advantage that could possibly occur to give a company like the Imperial an absolute monopoly to supply a district within which no person could get gas by any other means, or establish any company for the purpose, must be an immense advantage.

267. That was our consideration for going into the Bill of 1860; but I want to get from you what we got besides that?—I understood you that did not go for the Bill of 1860.

268. Perhaps it was a loose phrase of mine, I will say for accepting the Bill of 1860. You know we did not go in for it in one sense. You told me that we opposed it:—Yes, up to a certain point.

269. Let us have the history of it. Did we not oppose it till the Committee said they would sanction the districting which was the abolition of competition?—Yes.

270. That was a valuable consideration to us?—Yes.

271. Did not we say so?—Yes.

272. In consideration of that valuable thing to us did not we say that we were willing to submit to regulations?—Yes.

273. Except the abolition of competition was there any advantage that we got by the Act of 1860?—No, except the other one I have stated, the making up of your back dividends.

274. Do not you know perfectly well that before that we had the power of making up back dividends for any time?—Yes, but you had the fear of competition before your eyes, which prevented you doing it.

275. As you tell me you were not concerned in 1860, how long have you been a member of the Metropolitan Board?—Since 1862.

276. What is your occupation?—I have no occupation.

277. What was it before you ceased to have any?—I was a mechanical engineer.

278. When did you cease to be that?—I should think 20 years ago.

279. You came in in 1862?—Yes.

280. You were in in 1866?—Yes.

281. Did the Metropolitan Board take any part in the Corporation Bill of 1866?—No; they were not joint promoters.

282. In 1867 we know they did; they appeared on the Bill brought in by the Board of Trade?—Yes.

283. And there, as I think you told us, Mr. Cardwell said he would not act against the Companies hostilely unless they had Bills of their own, did not he?—He put his principle alternatively; he said there was only one way of dealing with the Companies in regard to their dividends; that he had no desire to interfere with what Parliament had done by altering the law upon the case, but unless the Companies agreed to certain restrictions he should feel disposed to pass the Corporation Bill.

284. I must read a part of the report: "This position of the parties neces-

Mr. W. Newton.

2 June 1875.

sarily raised the question, 'Whether your Committee was prepared to recommend the adoption of a Bill compelling the companies to supply the consumer on other terms than those on which they have been authorised by Parliament to raise, and have actually raised, the capital they employ'; to this question your Committee could only return one answer; however evident, and however great, may be the advantages of a single supply, under conditions securing to the consumer all that he is entitled to as regards the quality and price of the article supplied, yet a compulsory and unconditional interference with the prices already conceded to the producer is not the weapon by which Parliament is accustomed to secure the rights of the consumer;" do you remember that?—Yes.

285. It will be convenient to leap over a little in point of time, and to ask you whether in 1868 — ?—Would not it be well to read the concluding sentence of that paragraph?

286. You may read it if you like?—"The legitimate weapon to be resorted to for that purpose is the enactment of an independent supply; and to that weapon your Committee, for the reasons already stated, have been unable to resort;" that is, there was no Bill before them.

287. May I take the liberty of asking whether there is any Bill now?—There is no Bill for supply.

288. What then is the difference between the present state of things and that of 1867?—That is for the Committee to determine.

289. It is for you to answer my question; you had a Works Bill, which you dropped, and a Purchase Bill, which you dropped; now you come with a Regulation Bill only, and you pretend to be following Lord Cardwell's Report?—I understand your question to be——

290. You understand it perfectly well?—I understand your question to be——because we have no competing scheme; we are not in a proper position before the Committee.

291. You understand my question perfectly well?—It may be contended that we have not a competing scheme, but it is quite competent for the Committee and for Parliament to deal with the whole question.

292. That is not my question, and you know what it was very well?—We do not profess to be following Lord Cardwell's Report; on the contrary, we believe Lord Cardwell's Report was made on the supposition that he could enact in some way or other efficient safeguards against extravagance and want of due care. We, finding that he has failed to do that, would have no hesitation, if Lord Cardwell was in the chair, to say, you ought to pass our Bill as a modification of the legislation of 1868.

293. Supposing Lord Cardwell were in that chair, do not you think he would tell you, I said in 1867, and I said again in 1868, I will not act against the companies by means of compulsory and unconditional interference, unless there is another Bill?—I do not think he would say that now. I think he would say by the light of experience of the action of these revising commission, nothing could be effectual but a Regulation Bill.

294. In 1867, Mr. Cardwell himself said that the Act of 1860 had been inefficient as he thought, and yet he would not act compulsorily against the companies?—I think he did act compulsorily against the companies when he said, we will not give you any additional power, we will not give you any new capital, and we will not give you any additional powers to enable you to carry out the Act of 1860, unless you come under these regulations.

295. That is a mere evasion of the question; we are now upon a Regulation Bill and not upon a Company's Bill; that may be a fair remark when we come to the Company's Bills; did Mr. Cardwell intimate the slightest intention in 1867 or 1868 of passing a Regulation Bill?—Yes, I think he did.

296. Will you point out the words in which he did?—I think in passing the City of London Gas Act, he did pass a Regulation Bill.

297. You think that, do you?—Yes.

298. Did he, in 1867, intimate any intention of passing a Regulation Bill?—No, I do not know that he did in 1867.

299. Now turn to 1868; and I call your attention to these words, and you had better attend to them. In 1868, at a certain time, he said "The Committee have unanimously agreed to these resolutions: 'First, That the Committee agrees with the Committee of last year in the conclusion that they will not, without the consent

Mr. W. Newton

2 June 1875.

of the Companies, recommend the adoption of a Bill compelling the Companies to supply the consumer on other terms than those on which they had been authorised by Parliament to raise, and had actually raised, the capital which they employ." Do you remember that?—Yes.

300. Do you remember enough of the proceedings of 1868 to tell me how that City Gas Bill came to be passed; in what form was it brought in?—It was brought in by Mr. Morrison, I think.

301. With what title?—I think it was the Metropolis Gas Bill.

302. It was brought in as a Metropolis Gas Bill?—Yes.

303. It was brought in as a Bill for regulating all the Companies, was not it?—Yes.

304. How did it come to be turned into a City Gas Bill?—Upon the ground that the City were the only parties appearing before the Committee with the Bill.

305. I beg your pardon, that would not account for it; the real reason was this, was not it, that the Chartered Company expressed after a time their acceptance of Mr. Cardwell's terms; thereupon the other two Companies who were in the City selling against the Chartered Company, said they must come too; was not that so?—I know that in 1867, both the Chartered—

306. I am asking you about 1868?—In 1867, both the Chartered Company and the Imperial Company refused Mr. Cardwell's terms.

307. I am not asking you about 1867?—Then, in 1868, I believe the Chartered Company, finding that they must have new capital, were compelled to come in and accept the terms submitted by Mr. Cardwell's Committee.

308. Inasmuch as the other two Companies in the City were competing with the Chartered Company; that was so, was not it?—They were competing with the Chartered Company.

309. When the Chartered Company came in, they felt that they must come in?—Yes.

310. I find this stated. "The following statement was handed in to the Committee yesterday, by Mr. Davison, on behalf of the Chartered Gas Company, but it had accidentally been omitted to be printed in the Minutes of the Evidence. 'The Chartered Company adhere to the resolution of their Board, handed in by their Chairman, as containing the terms on which they are prepared to supply gas in the City; and as to the extent to which they will afford the supply, if they obtain the Bill for the Barking Works, they will have manufacturing powers for supplying the whole area of the City, but at present they are restricted to a certain district, by agreement with the City Company, and by an arrangement with the Central Company.' Mr. Davison stated that no terms of arrangement had been come to between the promoters of the Bill and the Chartered Gas Company. After some discussion, Mr. Davison stated that the City of London Gas Company and the Central Gas Company had come to the same resolution as that handed in by the Chartered Gas Company yesterday, embodying the terms on which they would consent to light the City of London"; which, to put them shortly, were Mr. Cardwell's terms?—Yes.

311. Then the result was, that the Bill of 1868, brought in as a Metropolis Gas Bill, became a City Gas Bill, because the Companies outside the City refused to accede to it; the Companies within the City consenting to accept it?—Yes; except that the Chartered consented to the same restrictions applying to the part of their area outside the City.

312. That was dealt with, not by the City Bill, but by the Chartered Bill?—Yes.

313. So far as it was a public Bill, it was a public Bill passed against the three Companies only who consented to it?—Yes.

314. From the whole of the time you have had anything to do with this matter down to the present, do you know of a single instance of Parliament passing what you call a Regulation Bill against a Company which had not a Bill of its own before Parliament?—I do not know of any parallel case throughout the whole of England.

315. You do not know of any such case as I put?—No; but I do not know of any case where any Company, throughout the whole of England, have the same distinctive privileges as are enjoyed by the Metropolitan Gas Companies; I mean the principle of districting.

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316. When

Mr. *W. Newton.*
2 June 1875.

316. When you speak of districting, what does that mean?—That you have an absolute monopoly.

317. Take the case of the Imperial Company; it means it has an absolute monopoly of the green district?—Yes.

318. How does that differ from an ordinary monopoly of a Gas Company in any other town?—I take it no other Company can be introduced in the districts of these Companies.

319. Could any other Company be introduced in any provincial town?—I take it that it could by a Bill promoted in Parliament.

320. So it could here; do not you remember that the Act of 1860 expressly says, that no new Company shall be introduced except by the consent of Parliament?—I presume it would be so, whether it is stated or not.

321. That being so, what is the difference between the green district of the Imperial Company, and say any town you like; say Nottingham?—I think there is no doubt that there is a solemn compact between Parliament and the Companies, that those districts having been assigned to them in the formal way they have, shall be guaranteed to them.

322. Would you just answer my question in a straightforward way; what is the difference between the condition of the Imperial Company and the condition of the Nottingham Gas Company, seeing that in neither case can a new Company be introduced without the authority of Parliament?—Because there is in the Act of Parliament a certain district assigned to each Company, which no other Company can supply; the same vested interest does not occur in a provincial town as does occur in this particular case; Parliament, in the case of any provincial town, has given no privileges that would prevent it, considering that it had the right to institute a new Company, but in this case it would not be so.

323. As a matter of fact, within the last 15 years, has Parliament sanctioned a single case of gas competition in any town in England?—I do not know.

324. Do not you know that it has not?—No.

325. I can make you a present of this; they tried it at Brighton, and it came to nothing?—That I do not know.

326. I go on to the next year; in 1869, I suppose you opposed the Imperial Bill and the South Metropolitan Bill?—We did not; we did not oppose except for clauses; we wanted to see that they were properly put upon the conditions of the City of London Act; that was pretty nearly our only opposition.

327. You are only opposing the Imperial Bill now, I suppose, for clauses, is that so; there is the Imperial Companies Bill coming, are you opposing it for anything more than clauses?—Had not we better wait till the Bill comes on.

328. Will you please to answer my question?—I cannot answer the question at the moment.

329. In 1869 you consented to the preamble of the Imperial Companies Bill for this simple reason, that you knew the Imperial Company must have more money in order to serve the metropolis?—Yes.

330. What you wanted was to get it put under regulations like those of 1868?—Yes.

331. And you failed?—We succeeded, except on the question of illuminating power.

332. You succeeded except where you failed?—Yes, but there was a corresponding benefit in that, that whilst the Chartered Company obtained their 3 s. 9 d. and 16 candles, and had a 10 per cent. dividend; if Parliament allowed you a 14-candle gas, it was upon the condition that you would take your capital at 7 per cent., instead of 10 per cent.

333. Did the Bill propose 10 per cent.?—No it proposed 7 per cent., and having proposed 7 per cent., there was less reason to insist upon a higher illuminating power than if it had proposed 10 per cent., as the Chartered Company had obtained in the previous year.

334. Nevertheless you did insist upon it?—Yes, we tried to obtain it, and we shall do so now, I presume; we endeavoured to get the most we could for the consumers.

335. For several years before that the Imperial Company had had Bills in Parliament proposing only 7 per cent.?—I believe that is so.

336. Before

Mr. W. Newton.

2 June 1875.

336. Before the Committee on the Imperial Bill, notwithstanding that 7 per cent., which was a great bonus to the public, amounting to about 39,000*l.* a year, you contended for the 16-candle gas?—Yes.

337. Did not the Committee tell you that they were satisfied that 14 candles would be, as we know it was, sufficient for the people of London, according to Dr. Letheby's evidence?—I do not know, and, if so, that is not to bind us. I have already shown you that 14-candle gas now is only equal to 12-candle gas in 1860.

338. That fact was put before the Committee in 1869, was not it, that 14 candles, by the present test, was equal to 12 candles; all that was stated in 1869?—Yes.

339. Notwithstanding that, the Committee said what I stated just now, did not they, that they were satisfied that 14-candle gas was as much as London desired, or something to that effect?—I do not remember the Committee making such an observation. I know that they allowed the 14-candle gas, but not, I should think, with any such observation as that.

340. That Bill, by the way, was re-committed, was not it?—Yes.

341. And two more Members were added to the Committee?—It was re-committed, because the Committee had not observed the conditions of the City of London Gas Act,

342. However, it was re-committed, and, nevertheless, they adhered to that decision about the 14-candle gas?—Yes; they altered the other parts of the Bill.

343. Did they adhere to the decision about the 14-candle gas?—Yes.

344. What other parts of the Bill did they alter?—I do not remember what they were; they brought the Bill generally under the operations of the City of London Gas Act, 1868, and in all questions of testing, both for purity and "illuminating power," and submission to the directions of the referees, they were placed under precisely the same conditions as the Chartered Company in 1868, the only difference being that they were allowed to raise their capital only upon the condition of paying 7 per cent., and they were allowed an illuminating power of 14 candles, instead of 16 candles.

345. And a reserve fund?—Yes; they were allowed a reserve fund.

346. And a contingency fund?—In addition to their reserve fund of 5 per cent., which is the same as the Chartered Company.

347. It is 50,000 *l.*?—I do not know that.

348. The difference between 1868 and 1869 was this: in 1868 it was 16-candle gas, and no reserve fund; in 1869 it was 14-candle gas, and a reserve fund?—Yes; and the other difference of 7 per cent., instead of 10 per cent.

349. The Company volunteered that?—Never mind; I contend that was the inducement for the Committee relaxing some of the conditions of 1868.

350. Do you think that was a fair arrangement between the Committee as representing the public and the Imperial Company, or how do you put it?—I will not express any opinion about that.

351. You say it was a consideration with the Committee for doing what they did?—Yes; it is not for me to sit in judgment on a Committee of the House of Commons.

352. Do you adopt the phrase you used just now, that that was the inducement to the Committee?—That was the inducement.

353. That arrangement having been made, we consenting to take our capital at 7 per cent. in consideration of those things, you want to have the advantage of the 7 per cent., and to take away the advantages on the other side?—I do not think what we are proposing is to take any advantages away; I think what we propose will enable the companies to divide all the dividends which the Act entitles them to do with the exercise of due care in management.

354. You come here and say we are not sufficiently under control at present, we are under the control of the Act of 1869?—Yes.

355. You want to put us under some more control; is that for our advantage or yours?—I think it is for our mutual advantage.

356. You come here with a view to our advantage no doubt?—If we can place you under conditions that will make you more at ease, and more in harmony with the consumers, and free from the contentions you are subjected to from year to year, I think that will be an advantage to the Company.

Mr. W. Newton.

2 June 1875.

357. Supposing this Bill fails in producing the effects you want, I suppose there will be in a year or two another to make more harmony?—I will not say anything about that.

358. With a view to making things comfortable, suppose this Act of yours had been in existence, should we have been able to get any rise of price under the late rise of price in coal?—I think probably you might.

359. How would we have managed it?—You would have charged it.

360. What would have been the effect?—You would have reduced your dividends.

361. That would have been very pleasant to us, yet this Bill is to mend our condition?—Yes, I do not think the rise of your price would have been very great, because if you look at the surrounding companies, not one of them went up to the price you did by a very long way, and they were able to pay their 10 per cent.

362. How do you account for that that?—I suppose it was owing to your extravagance.

363. With regard to extravagance, are you aware that the Commissioners and referees and these people have the power of inquiring into everything we do; that they have the power of seeing our works and books, and everything about them?—That is after they have been formed; I dare say that is so.

364. I will read the Clauses of the Imperial Gas Act of 1869; Clause 26 is, “The Commissioners so appointed may inspect the works and books of accounts, and documents of the Company, and the Company shall give to such Commissioners access to their works, and produce for their inspection all such books of accounts and documents as may be required by such Commissioners, and afford them all facilities for the proper discharge of their duty.”

Mr. Cripps.] That is identical with the Clause in the Act of 1868.

365. Sir Edmund Beckett.] “The Commissioners may summon any person to give evidence or to bring and produce documents before them, and may administer oaths and take affidavits and declarations. If any person wilfully fails to attend in obedience to a summons of the Commissioners (the reasonable expenses of his attendance having been paid or tendered to him), or refuses to answer any lawful and relevant question put to him by or before the Commissioners, or without lawful excuse refuses to bring or produce before them any document which he is by any such summons required to bring or produce, every such person shall for every such offence be liable, on summary conviction before a justice, to a penalty not exceeding 50 l.” Have you had any difficulty in getting information from the Imperial Company when they have applied to raise the price?—I have already stated that I consider the Companies gave as much information as could be given under the circumstances; they refused no information; what I complained of was that the information was only supplied upon requisition; that it was just as difficult when we were before the Commissioners to obtain the necessary information to enable us to place our case before them as it would be now, since this Committee have been appointed for us to go and examine the books of all those Companies, and to get from them such information as to enable us to put before the Committee the way they have conducted their works the last year.

366. I will read a few questions put to us; state what amount of capital has been raised since the passing of the Act of 1869, and how and where expended?

Chairman.] Were those questions sent to them?

367. Sir Edmund Beckett.] Yes; state the terms on which the capital has been raised; give a statement of all facts under which coals and cannel were received into the works and the residuals were disposed of in the year 1873, and of all contracts under which coals and cannel are to be received into the works and the residuals to be disposed of in the year 1874; state the contracts, going as far back as 1866; give a statement showing the prices and quantities of all gas sold in 1873; give a statement of the income and expenditure of the company for the year 1873; give a similar statement of the estimated income and expenditure for the year 1874; give a statement of salaries and wages paid to the different persons employed by the Company; give a statement of all the pensions or compensation allowances

Mr. W. Newton.

2 June 1873.

allowances paid by the Company ; state the gas made and sold by the Company ; state what manufacturing stations were in use in 1873 by the Company ; state the area and cost of land, cost of the retort houses fitted complete, and the number of retorts they are constructed for, and the number of tons of coals they are intended to carbonise per diem ; number of retorts, cost of exhausters, capacity and cost of engines, and a good many other questions. Then there come the answers of the Company, extending over 15 or 16 pages.

368. As you talk about our waste and extravagance and so on, will you suggest on what points you think we have been careless?—I simply say that we have no means of efficiently inquiring into the question as to whether capital has been expended wastefully or otherwise.

369. I want to know in what respect you have any sort of idea or suspicion that capital has been wastefully raised, or that there is not due care in management?—I do not think I could give you a stronger case than that mentioned by Mr. Cripps yesterday, viz., the conversion by the Imperial Company of their loan capital into share capital.

370. Do not you know that that was expressly authorised by law?—It was not expressly authorised by law.

371. Then you should have prevented it?—No, it was not expressly authorised by law, but there was a general power which you obtained, I think, in the year 1854 by incorporating a very general Act.

372. The very general Act was a universal Act?—What I wish to put before the Committee is this, that for many years previous to the year 1866, the Imperial Company had a loan of 260,000 *l.*, at rates varying from 4 and 5 per cent., not exceeding 5 per cent., but finding themselves possessed of this power, which they had obtained by incorporating a general Act with their own Act in 1854 in that year (1866), they converted that loan capital into share capital, to pay 10 per cent. interest ; by that means they saddled the consumers of the metropolis with a permanent annual payment of 13,000 *l.* ; and then under their revising clauses we find they are enabled to charge whatever price is necessary to pay that dividend of 10 per cent. clearly ; if for years that loan had existed at the rate of 5 per cent., upon which they only paid 13,000 *l.* a year interest, they might have continued it without putting 13,000 *l.* a year into the pockets of the shareholders, and saddling the consumers of the metropolis with that as a permanent payment in the future.

373. I ask you again, did not everybody know perfectly well that not only the Imperial Company, but every other company by virtue of that very general Act had the power to do this thing?—That only makes the matter worse.

374. That was so, was not it ; was the very general Act that you refer to the Act of 1854?—Yes, which was incorporated by the Imperial Company in 1854.

375. That stared you in the face in that Act of 1854?—Somebody ought to have been in existence to have watched the incorporation of that Act, and to have prevented it.

376. But somebody was in existence in 1869, and might have asked the Committee to strike it out, and for anything I know, they did?—I do not know about that.

377. The Companies Clauses Act is the one you mean?—Yes.

378. All companies incorporate that Act, do not they?—I think they do.

379. They cannot help it?—Very well.

380. Knowing they cannot help it, and knowing it was there, did you, or did you not, complain of it in 1869?—I do not know that we did ; it was all over then.

381. In 1869 the Imperial Company were before Parliament, and they were subject to whatever Parliament might put upon them?—But in 1866 they had converted their loan capital of 260,000 *l.* into share capital.

382. What you went to complain of before the Revisers in 1873, was not of what was done subsequent to 1869, but of what had been done before 1869?—Yes ; I mention it now as an evidence of what the directors of a Company may be expected to do if they can go to the revising committee and obtain any sum whatever that is necessary (that is within the 5 *s.* 6 *d.*) to secure 10 per cent. dividend.

383. Do you mean that it was not the exercise of due care and management, a

Mr. W. Newton. thing you ought to have been able to complain of under the Act of 1869, that in 1866 they had done that operation under the Companies Clauses Act?—
 2 June 1875. I believe that was not the exercise of due care and management.

384. Is there anything else you want to suggest as an instance of want of due care and management?—I say with regard to expenditure of capital, we have been entirely stopped from any inquiry into that.

385. You must necessarily know all that is done under capital, because your questions embrace that?—Mr. Gunn must answer those questions.

386. Apart from this financial operation which you admit to be legal, what do you suggest as an instance of want of due care and management?—I am not called upon to state specific cases.

387. You do not suggest any?—No, I only say, generally, there is no control over the management of the Company, so long as their interests are not those of the consumers.

388. Will you tell me how it happens that the South Metropolitan and the Imperial Companies have both reduced their price, one under 3 s. 6 d., and the other to 3 s. 6 d.; what has induced them to do it?—Their capability to supply their consumers at that price.

389. That is to say, they can earn their dividend, and by due care and management they have reduced their price to 3 s. and 3 s. 6 d.?—Yes.

390. Do not you know that those Companies have relatively a less capital than the Imperial Company?—Yes.

391. And in fact, though I do not remember the names just now, there is a great difference in the capital relatively to the supply at which the Companies stand?—Yes, there is, but that difference does not account for all the additional price of the Chartered Company.

392. Supposing the Chartered Company had not been allowed to raise their price at all; have you calculated how much less their dividend would have been in 1873 and 1874?—I do not believe it would have been much less in 1873; it might have been one per cent. less in 1873.

393. Taking the Imperial Company, speaking roundly, 2 d. in the price of gas represents one per cent. in dividend, does not it?—I think that was in reference to the Chartered Company, not the Imperial Company; the way I arrive at that calculation is this; it required 31,500 l. for the Chartered Company to make up its insurance of one penny, and one penny produces between 16,000 l. and 17,000 l., I think.

394. It applies to the Imperial Company as well as the Chartered Company?—I do not know the Imperial Company as well as the Chartered Company.

395. Then in fact it comes to this, that every 2 d. which the Imperial Companies lose in a bad year, or do not get from the Commissioners, is equivalent to a loss of 1 per cent. in their dividend?—I will not say so with regard to the Imperial Company, but that is so with regard to the Chartered Company.

396. *Chairman.*] That is supposing they have no reserve fund?—Yes.

397. And also that there has been no economy in working to make it up?—Yes; I think the Board of Trade letter answers that question for me, by stating that they cannot rely upon any persons appointed by themselves to dictate a commercial and manufacturing company the mode in which they should conduct their business, and it must depend on the interest that can be created in the direction of the consumers to ensure due care and management in the conduct of their business.

398. *Sir Edmund Beckett.*] To begin with Clause 6, who is the author of this scheme of sliding scale?—I could not tell you that; I believe there is an Act of Parliament with regard to the West Ham Company in which it already exists. I have here a clause that was proposed in a Bill for the Metropolis by Sir Stafford Northcote to the House of Commons in 1867, at the time he was President of the Board of Trade; he proposed this, when the price charged was the maximum price according to the prescribed scale, the rate of dividend was not to exceed 7 per cent. per annum, and when the price charged was less by 1 d. per 1,000 cubic feet, than the maximum price chargeable according to the

Mr. W. Newton.

2 June 1875.

the scale, and so in respect of each further reduction of price by 1*d.* per 1,000 cubic feet, an additional dividend of half per cent. per annum might be paid. When you asked me who was the author of the sliding scale, I cannot say who was the exact author.

399. The inexact author was Mr. Farrer, of the Board of Trade?—Very likely, seeing where that came from.

400. Having got the exact or inexact author, will you show me how these clauses of yours, the 6th, the 48th (A.), and 48th (B.), are to give us any sort of re-coupment, or back dividends, or any kind of compensation?—You are not entitled to any back dividends under your present Act.

401. If we have a loss one year, that loss can never be re-couped?—Not now, unless you take it as the Chartered Company did in 1873, out of what was allowed for the contingency fund, which they never appropriated.

402. In that way, it could be done?—Yes; but it could only be done then in the event of their contingency fund not being made up to its full amount.

403. If the Commissioners made a miscalculation, which made it too little, there might be an accidental means of correcting it, or there might not?—They have shown us that there is. I do not know whether it is legal or not.

404. Do you mean, if the Commissioners make a mistake, the Companies ought to suffer for it?—We have no right to presume that the Commissioners will make a mistake.

405. Will you answer my question; if the Commissioners do make a mistake, do you think we ought to suffer for it?—I have no right to presume that the Commissioners can make a mistake.

406. But I have?—If the Commissioners make a mistake you must suffer for it.

407. No, we must not, because there are means of preventing it?—Only in the event of the contingency fund not being made up.

408. Sometimes there is the means of preventing it, and sometimes there is not; whether there are means or not, why are we to suffer for the Commissioners' mistakes?—I do not admit any mistakes by the Commissioners.

409. The calculation of the Commissioners is intended to produce 10 per cent. dividend?—I know that the calculation of the Commissioners must be based on information supplied by the Companies.

410. The Act of 1868, passed by Mr. Cardwell upon his statement over and over again, was intended to secure as near as may be 10 per cent. dividend?—Yes, with due care and management. The question was how that due care and management should be ensured. We have come to the conclusion that the Revising Commissioners are not enabled to ensure the care and management.

411. That is not my question. Supposing the Commissioners, on such information as they are authorised to get, make a miscalculation, do you think we ought to suffer for it?—The Act of Parliament says you must.

412. You are coming here to alter the Act of Parliament?—I say the whole thing is bad, and we had better make your interest ours, and fix your price so that you can make your 10 per cent. dividend, and induce you to exercise due care and management in your works, and if you do not we must bear a portion of the loss, and you must bear the remainder.

413. Will you expound to me how Clauses 6 and 48 A. and 48 B. will enable us to get anything?—I have always understood the Companies to say that if they could get their 10 per cent., if they could see a reasonable prospect of getting 10 per cent., they would be perfectly satisfied; but they say we cannot at the price of 3*s.* 9*d.*, and with an illuminating power of 16 candles insure ourselves against exceptionally high prices. Then we say there are periods of low prices when you can manufacture gas of that quality at a less price. We enable you by this Act to put aside a sum equivalent to 5 per cent. upon your whole capital in order to tide you over periods of high prices.

414. Take the case of the year 1873, when it was necessary, according to the Commissioners, to extend the maximum price of 3*s.* 9*d.*; will you be kind enough to tell me how, in such a year as 1873, we should get anything like our dividend upon your clauses?—If you had a reserved fund at that period like that which we now propose, you would have been able to pay your dividend without any increase in price; if you had had a reserve fund equal to 5*s.* upon your

Mr. W. Newton.

2 June 1875.

whole capital you would have been able to pay your 10 per cent. without any increase of price.

415. There are some companies which have not a reserve fund, and in other companies the reserve fund might have been exhausted?—I am speaking as if you had a reserve fund.

416. I am speaking as if the reserve fund had either not existed, or had been exhausted?—I am speaking of what the effect of our Bill would be.

417. I am speaking of that under your Bill, the reserve fund might be exhausted by a previous year?—Yes.

418. If the reserve fund is exhausted, and there comes a bad year, how are we to get our dividends made up?—You are supposing a state of things not likely to occur.

Thursday, 3rd June 1875.

MEMBERS PRESENT:

Mr. John G. Talbot.
Mr. Birley.

Mr. Bristowe.
Mr. Thomas Brassey.

THE RIGHT HONOURABLE W. E. FORSTER, IN THE CHAIR. •

Mr. William Newton, re-called.

Cross-examined by Mr. Venables (in continuation of the cross-examination of Sir Edmund Beckett).

419. YESTERDAY my learned friend, Sir Edmund Beckett, had just come to the point of Clauses 6, and 48 A and 48 B; your original scheme was to allow no reserve fund at all?—That was so.

Mr. W. Newton.
3 June 1875.

420. Was there an insurance fund, that is to say, a contingency fund, to be allowed?—At the same rate as at present.

421. That was part of your original plan?—It was.

422. Tell us your reason for introducing Clause 48 A, which provides for the formation of a reserve fund?—After a conference with the President of the Board of Trade, who represented to us that the Government thought that Clause 6, as it stood, was an unfair clause, and required some modification, we proposed or suggested that it should be modified in the way indicated in the new clause.

423. I am not sure whether you gave the date of your last interview upon that subject?—I do not remember, but it was a few days only before the second reading of the Bill.

424. It was, at any rate, some days before the date of that letter, which is dated 31st May?—Yes.

425. Your clause was not then printed, and had not been submitted to the Board of Trade?—It had not.

426. But the Board of Trade, nevertheless, and Sir Stafford Northcote were aware of what your intentions were?—Sir Stafford Northcote received a suggestion from us, and his answer was that probably a modification in that sense would be satisfactory, but he gave no pledge, and said that he would consult with some other Members of Her Majesty's Government.

427. The objection, as I understand it, that Sir Stafford Northcote made on behalf of the Government was that it was disturbing the bargain that had been made with the companies?—I think not.

428. Do you remember what his objections were?—I did not see Sir Stafford Northcote myself; but I did not hear that he made such an observation, nor do I think it is possible that he could have made such an observation, seeing that he himself had proposed a Bill with a similar disturbance.

429. At the bottom of the first page of the letter from the Board of Trade, there are these words: "The Bill of the Board of Works proposes to fix the price at 3s. 9d. for 16-candle gas for all companies, with no power to raise it except on condition of reducing the dividend; such a provision appears to Her Majesty's Government to be a breach of the existing arrangements with the companies, to which, as stated by the Chancellor of the Exchequer, on the second reading of the Bill, they could not agree;" that seems to be pretty much to the same effect, that it was disturbing a bargain?—And not making a sufficient substitute.

430. He does not say anything about making a sufficient substitute; he says, "breach of the existing arrangement"?—You will find that the Board of Trade proposes a substitute.

Mr. W. Newton.

3 June 1875.

431. They may think that it may be a more effectual mode of securing due care and economy ; I suggest this possibility : Suppose the companies had agreed to such a plan as that, then the Board of Trade might have said it was a desirable thing ; but done against the companies, would not it have been just as much a breach of the existing arrangement as what you propose ?—I do not agree with you that we are not to do anything without the consent of the companies.

432. I am endeavouring to keep to the words used in the letter of the Board of Trade, that it would be a breach of existing arrangements. It might not be to the same extent, but it would be as much a breach of the existing arrangements, if there are existing arrangements, as what you propose ?—No, I think not. Our Bill might in its original form, in the opinion of the Board of Trade, have been a breach of the existing arrangement, but if we inserted the additional clause which we propose, enabling them to raise a reserve fund, that might remove the difficulty.

433. If that were done without the consent of the companies, it would be a breach or a disturbance of existing arrangements ?—In the first place, I do not think we are prohibited from doing anything unless the companies consent, and in the next place, I do not think it is right that there should be new legislation against the wish of the companies that legislation is a disturbance of the existing arrangement.

434. You appear not to agree with the Government in that respect. You may be right, but you do not agree with them ?—You cannot go further than this, as regards existing arrangements, that you were to divide a 10 per cent. dividend if you earned it by due care and management. Certain conditions were imposed in the hope of ensuring due care and management, and we have had evidence after those conditions have been applied that they are futile, and we now come back to institute some arrangements by which due care and management shall be ensured ; and until we get that assurance, we have not got what the previous legislation intended to give us.

435. Would not it be a breach of existing arrangements ?—I think not.

436. I do not say that it might not be expedient and justifiable, but it would be a disturbance of existing arrangements ?—Any change would be a disturbance.

437. When you said that you have had evidence that the legislation now in force does not ensure due care and management, to what did you refer ?—That is to say, the legislation of 1868 and 1869 ?

438. I mean the different Acts which affect the different companies, the Acts of 1860, 1868 and 1869 ?—With regard to the Act of 1860, that was an Act to which neither the Board nor the Corporation were parties.

439. You said yesterday that the Board were promoters in the House of Lords ?—No ; Sir Edmund Beckett said so, but I contradicted that. We were no parties to the Act of 1860. I may go further, and say that the promoters of the Bill themselves would have withdrawn it at a certain stage, but that they had incurred such great liabilities that they were induced to accept the Bill in order to charge their liabilities upon the ratepayers.

440. At any rate, the Metropolitan Board took a part in the discussion.—In opposition.

441. But in opposition to provisions which were favourable to the companies ?—In opposition to the whole Bill.

442. I think particularly in opposition to the provisions which were favourable to the companies.—Of course, they appeared in the interests of the consumers, and so far as the Bill promoted the interests of the shareholders as against the interests of the consumers, they were opposed to the Bill.

443. After hearing your opposition, Parliament adopted that Bill.—Yes.

444. Here there was a fixed price which was at that time, in the judgment of Parliament, a sufficient ordinary maximum. There was a power under certain circumstances of raising it to five shillings and sixpence, and that still applies to several of the companies ?—To six of the companies, if we may include the London.

445. That was the law in force at the time of the two committees of which Mr. Cardwell was chairman ?—That is so.

446. It was with reference to the rights they had acquired under that Bill that Mr. Cardwell, in the words already quoted, said that he could not interfere

Mr. W. Newton.

3 June 1875.

or disturb those arrangements without the consent of the companies?—No, he did not say that; what he did say was, that he could not interfere with them in the absence of a competing Bill.

447. Let us read what he said. Mr. Cardwell in 1867, after saying that the Board of Works and the Corporation appeared on behalf of the consumers, says, but they had no Bills of their own, "This position of the parties necessarily raised the question, 'Whether your Committee was prepared to recommend the adoption of a Bill compelling the companies to supply the consumer on other terms than those on which they have been authorised by Parliament to raise, and have actually raised, the capital they employ.'" My question was whether the terms on which they had, under the authority of Parliament raised their capital, were not the terms prescribed by the Act of 1860?—They were up to 1868.

448. In the following year the City, as we know, had a Bill, and the Board had not, and consequently Lord Cardwell declined to pass the Bill of the Chartered Company except on the condition of their adopting the provisions which he had stated to be desirable?—That is so.

449. The Chartered Company consented to come under them; the Imperial Company, who had already a Bill, did not consent to come under them, and the result was the new legislation was applied to the Chartered Company and not to the Imperial Company?—Not that year.

450. And not applied to any company except the Chartered Company, and the other companies which came in by consent, namely, the other City companies?—That is so. I may explain here (I think Mr. Serjeant Sargood rather disputed it yesterday) that the legislation of 1868 referred solely to the Chartered Company as an enactment, but there were provisions by which that company might amalgamate with other companies supplying the City.

451. This was rather the case, was it not, that the other City companies before the amalgamation voluntarily came under that legislation?—There was no legislation in that direction.

452. What I want to call your attention to is, that in neither year did Mr. Cardwell's Committee legislate adversely to any company, or alter the terms upon which they had raised their capital?—Certainly he did in 1868.

453. I am speaking of the general Bill. I said adversely, the Chartered Company came in by consent. Did either of those two Committees in 1867 or 1868 legislate adversely to any company, that is to say, without the consent of that company?—No, but you will find in Lord Cardwell's Report this statement with regard to this part of the question. He said on page 16, "The difficulty with which your Committee have had to contend will be found to apply to every general Bill which may be introduced without the concurrence of the companies, for the regulation of their present monopoly. But it will always be in the power of Parliament to prescribe terms of regulation as each company comes before it to apply for new powers, and the necessity for new powers has usually brought the companies to Parliament at no long intervals of time; your Committee, however, do not think it would be just to the consumer to leave him to the casualties of this mode of remedy, and recommend that, if the companies decline to submit to general regulations, such as Parliament may consider reasonable, measures should be taken for the introduction of a new supply in independent hands."

454. Is it not the case that this is a general Bill introduced without the concurrence of the companies?—This is.

455. And Lord Cardwell's Committee held in both those successive years that there was an objection on principle to such a Bill without the concurrence of the companies?—That is so; not that there would be an objection to the introduction of a general Bill, but that it should only be made to apply to companies as they come before Parliament for increased powers.

456. That comes to the same thing; that there was an objection to a general Bill without the concurrence of the companies where they did not apply to Parliament?—It was in that way that the City of London Gas Act was passed.

457. In that year you have already stated the Chartered Company came in voluntarily; the Imperial Company withdrew its Bill that year, but brought it forward the following year?—I should scarcely use the word "voluntarily" with regard to the Chartered Company, because though they accepted the clause it was because they could not obtain additional capital without accepting it, and they were under compulsion to obtain capital.

Mr. W. Newton.

3 June 1875.

458. Nevertheless they did it voluntarily?—With that qualification.

459. In the following year the Imperial Company reintroduced their Bill?—Yes.

460. That was heard before a Committee which introduced such regulations as it thought fit?—That is so.

461. The South Metropolitan also introduced a Bill, and had similar regulations, with some difference, applied to them?—Yes, with a difference as to price.

462. And a difference as to dividend?—No, they had the same dividend as the Chartered Company.

463. But I was comparing it with the Imperial Company?—It was as you state, if you compare it with the Imperial Company,

464. The South Metropolitan Company and the Imperial Company were both in Parliament in 1869?—They were.

465. The South Metropolitan Company had less favourable terms in regard to price and illuminating power, but it had more favourable terms as to the raising of new capital?—More favourable as compared with the Imperial Company, but the same as the Chartered Company of the previous year.

466. I was comparing it with the Imperial Company. Those are the terms on which the Imperial Company and the South Metropolitan Company have raised any capital which they may have raised since that time?—I presume so.

467. And as the object of the Bill was to enable them to raise capital, of course they wanted the capital and have raised the capital?—No doubt.

468. On those terms?—On those terms.

469. Three shillings and ninepence with a revision clause?—Three shillings and ninepence with a revision clause in the case of the Imperial Company, and with a power to charge 3 s. 6 d. with revision clauses on the part of the South Metropolitan Company, but the South Metropolitan Company are only charging 3 s.

470. Nevertheless those were the terms?—Those were the terms authorised.

471. And in consideration of a lower price the South Metropolitan Company was allowed to raise new capital at 10 per cent., the Imperial Company being allowed to raise it at 7 per cent.?—I have no doubt that was the reason which actuated the Committee in giving them that power.

472. The Chartered Company, again, seems to have been on very much the same footing with the other two; by the legislation of the previous year they were to give 16-candle gas at 3 s. 9 d., and were allowed to raise new capital at 10 per cent.?—Yes.

473. Which, of course, was a considerable bonus to the shareholders?—No doubt of it.

474. Did the Metropolitan Board take any part in opposing those Bills?—The Board did oppose them.

475. Did you assent to those terms or not?—If I remember right (I will not be positive) we made no objection to the Chartered Company's Bill, except as regards the raising of the capital at the interest of 10 per cent.

476. Upon that the Committee decided against you?—They consenting to come under the City of London Act of 1868, we consented; but with regard to the dividend of 10 per cent. the Committee decided against us.

477. Do you happen to know what amount of capital those three companies have raised, the Chartered Company, the Imperial Company, and the South Metropolitan Company, under the legislation of 1868 and 1869 (the Chartered Company including the companies it has amalgamated)?—I do not know positively, but I think the Chartered Company must have issued shares to the extent of about 1,500,000 l.; 500,000 l. of shares were issued only a few weeks ago, and only two pounds a share has been paid up of that.

478. You think there has been about 1,500,000 l. issued?—Yes.

479. And, of course, everybody who has bought those shares in the market has bought them, taking into consideration not only what has actually been paid up, but what will be paid up on the remainder of the calls?—Yes.

480. Do you know what the Imperial Company and the South Metropolitan Company have raised since 1868?—No.

481. They probably have raised a large sum?—Yes.

482. The Imperial Company is in Parliament this year for the purpose of raising

raising new capital, which seems to imply that it has exhausted its powers?—It is in Parliament for that purpose. Mr. W. Newton.

3 June 1875.

483. It has raised more than a million; I am only speaking of what it has raised under the powers of the Act of 1868?—No doubt that is so.

484. You do not know how much the South Metropolitan has raised?—No.

485. Will you tell me, in round numbers, what amount of capital all the companies have raised since 1860?—I do not know.

486. Do you know what the whole capital of the companies is now?—Yes, at the end of 1873 their share capital amounted to 8,759,516*l*.

487. I am told it is nearly 9,000,000*l*.?—I have no doubt it is.

488. Are you aware what proportion of that has been raised since the Act of 1860?—No, I do not know; I should say more than half of it.

489. And if more than a half of it, say 5,000,000*l*. (we will show what it exactly is), the whole of that 5,000,000*l*. has been raised either on the faith of the Act of 1860 or, as regards the companies affected by subsequent Acts, on the faith of the arrangements of those subsequent Acts?—Of course.

490. The direct effect of your Clause 6 would be, in certain cases, to alter unfavourably to the holders the terms on which they have invested their capital?—Unfavourably to the holders, if it is held that the revising clauses of the Acts of 1868 and 1869 guarantee to the companies a dividend, under all circumstances, of 10 per cent.

491. The revising clauses apply to the three companies, but the remaining companies under the Act of 1860 have no revising clauses?—Those three companies have raised more than two-thirds of the whole of the capital of the gas undertakings in the metropolis.

492. The terms under which those three companies' capital has been invested since 1868 or 1869 are, of course, that they may earn, if they can, at the stipulated price the 10 per cent. or whatever is the prescribed dividend; and that if the actual maximum prescribed by the Act does not enable them to do it they may claim a revision?—Yes, if they can earn the dividend by the exercise of due care and management they are entitled to a division of 10 per cent.; but due care and management, I presume, means the application of all the skill and economy that can be brought to bear upon the manufacture of gas.

493. Are you prepared to say as to all or any of the companies, that they have not used such skill?—I am prepared to say that there are not under the present Act any efficient means of testing that; that is what is required.

494. I would rather you have something definite. Are you prepared to say that any of them have not used due care and management?—I think I showed yesterday—

495. I do not mean as to their capital, but as to due care and management in the conduct of their business?—I cannot say. I have no doubt witnesses will be called who are experts in the manufacture of gas, who will be able to answer that question better than I can; but what I say is, that the tendency of recent legislation and of the present Act of Parliament is not to induce those engaged in the manufacture of gas to exercise due care and management in its manufacture.

496. You represent the Board of Works. I can understand that you are not personally an expert, but are the Metropolitan Board satisfied by such information as they have received that all, or any of the companies, have not exercised due care and management?—They are of opinion, from information that they have received, that gas of the quality now consumed in London might be sold at a less price than it is.

497. And to pay 10 per cent., or the prescribed dividend on all the capital invested?—To pay the prescribed dividend on all the capital invested.

498. Including a reserve fund and a contingency fund to those companies which have it?—Including a contingency fund to those which have it.

499. And a reserve fund to those which have it?—And a reserve fund to those which have it.

500. There was a great deal of evidence given on the Inquiry, both in 1868 and 1869, of the price of gas, and the price which probably would be necessary with due care and management to provide a certain dividend?—Yes, in 1868.

501. And again in 1869?—Yes.

502. After hearing that evidence, Lord Cardwell's Committee in 1868, and
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Mr. W. Newton.
3 Jan. 1875.

another Committee in 1869, of which Lord Cardwell was no longer Chairman, fixed it at 3 s. 9 d., as what, in ordinary times, would provide the 10 per cent. dividend?—Yes, I daresay they did.

503. With the power of revision, which we have already referred to?—Yes.

504. Is it your opinion that gas is produced more cheaply now than in 1869?—I should think it is.

505. Probably you are aware that in that business, as in all other businesses, wages have gone up very much?—Yes, no doubt.

506. And though coal has fallen from the last year's price, is not it the case that coal is a good deal higher than it was then?—I think not. I think the present contracts would compare with those of 1869; my impression is that the contract existing now for the largest company in London is less than it was in 1869.

507. Your clause 6 provides that the company shall in no case raise the price above a maximum of 3 s. 9 d., except at the cost of sacrificing a certain amount of dividend?—Yes.

508. Do you think it would have been possible during the dearth of coal, when the contracts were made at the prices that prevailed two years ago, for the companies to earn their prescribed dividend at the price of 3 s. 9 d.?—I think some of them did; the Ratcliff Company never charged more than 3 s. 9 d. during the whole period; the South Metropolitan Company never charged its maximum price during that time.

509. Did they draw on their reserve fund?—I think they did draw on their reserve a little; but I think I am right in saying that if you add what they drew from their reserve to the profits, considerably less than their maximum price would have made up the whole.

510. Take the Chartered Company as an illustration; suppose this Bill of yours had been law in 1872, do you know what would have happened to the Chartered Company?—I have no doubt if our Bill had been in operation the Chartered Company would have been in a very much better position than it was.

511. Why?—It would have been enabled to pay its dividends with a less charge to its consumers than it made.

512. Why?—Because there would have been more diligence exercised, and more economy exercised; and all the inducements to keeping up the dividend at the maximum price would have been in operation.

513. That is all you can say, that you think they would have been more economical, and so they would have been in a better position?—I think so.

514. That might seem to apply to any reduction that might be put upon them?—I think it does.

515. It would seem to be unlimited?—Yes.

516. Do you know whether there was a general rise all over England in the price of gas during the coal famine?—I do not know what the price was in other places.

517. Do you know what would have happened to the Imperial Company if your Bill had been law in 1873; do you know enough of the accounts to know whether the Imperial Company was obliged to draw on its reserve fund in 1873 to pay its dividend?—I believe it was; I do not know exactly.

518. Do you know whether it drew upon its reserve fund to such an extent as nearly to exhaust it?—I do not know.

519. At the beginning of 1874 they got their proposed increase of price; do you know what their dividend would have been reduced to, the reserve fund being in a great measure exhausted, if they had not had that rise in price?—If they had been compelled to charge 4 s. 8 d., which I do not admit, their dividend would have been reduced to the extent of 2½ per cent.

520. Leaving out of the question your Bill for the moment, supposing they had not had the power under the existing law of raising their price at all, what would have been the consequence?—They must have exercised greater care and economy.

521. Are you prepared to say that they could have exercised greater care and economy?—Yes, I have no doubt they could.

522. That applies to any business in the world; as it becomes less profitable you can make up the loss by exercising greater care and economy?—I think it does,

does, except where like the companies in London you are guaranteed such price as will enable you to make such a dividend as 10 per cent., and then all incentive to the exercise of those qualities is lost.

Mr. W. Newton.

3 June 1875.

523. Your judgment is founded on the motives which you think likely to actuate the companies, and not on actual knowledge of what the companies have done?—Yes; the shareholders and directors of gas companies have as much of human nature in them as most people, and they will do what is most profitable and beneficial for themselves.

524. Surely you must contemplate as a possible thing another great rise in the price of coal in consequence of the condition of trade; you must consider that another great rise at a future period may occur in the price of coal?—It is not impossible, but I do not think that the price of coal absolutely regulates the price of gas; the production from coal rises in price to a great extent commensurately with the rise in the price of coal.

525. You mean the residuals?—I mean coke.

526. Are you aware that there are reasons that make the price of coke vary as compared with the price of coal at different times?—Yes, I know that during the exceptionally high period of coal coke did not at all times fetch the proportionate price that might have reasonably been expected.

527. I accept what you say that where the price of coke varies with the price of coal it reduces the direct operation of the increase in the price of coal, but still the increased price of coal always being much larger than that of coke must increase the cost of manufacture?—Yes; for the price of coke does not go up commensurately with the price of coal; there is a certain loss.

528. I mean if it does go up commensurately, whether it does go up commensurately or not, it is not half the price of coal?—Yes, it is sometimes.

529. You do not suggest that half the cost of coal can be recovered out of the sale of coke?—I do not know the exact proportions; but I know that out of the residuals a very large amount is realised, and I ought to say here that the companies ought to be able to manufacture gas at a cheaper rate now in consequence of the very high price which some of the residuals are fetching. We all remember the time when two of the most important residuals after coke; that is tar and ammoniacal liquor were useless waste, and of no value whatever; rather a nuisance than otherwise. I was looking through the Report of the Chartered Company during the past year, and I find that from what some years ago was a positive nuisance and waste and valueless, they realised 85,000 *l.* in one year; that is to say, tar and ammoniacal liquor. The one has come into use for the manufacture of artificial manure, the other for those beautiful dyes that have been discovered within the last few years; 85,000 *l.* is equal to 5 per cent. upon the ordinary share capital of the Company, and is equal to 2½ per cent. upon the whole capital of the Company, including loans.

530. It would appear to me that that shows that the disposal of the tar and ammoniacal liquor was not a proof of want of due care and diligence?—No, but I contend it was a thing wholly outside the manufacture of gas; the value of those products has gone on irrespective of any skill and management on the part of the companies.

531. They have profited by it when the demand has come?—Yes, of course they sell those things when there is a demand for them.

532. Whenever they gain they deserve no credit for it, but whenever they lose, it is a want of care and management?—No, I do not put it in that way; I say that the value of those products is made for them, and not by them, though they may derive advantage from it.

533. Still, to come back to my question, is it not the case that the rise in the price of coal, whatever may be the value of the residuals, necessarily adds to the price of the manufacture of gas?—Unless the price of the residuals goes up in proportion.

534. But suppose it goes up in proportion; suppose coal costs 100 and the residuals produce 50, when the coal becomes dearer and the residuals produce more, does not it increase the cost of the manufacture?—If the margin between the price of coal and the price of coke be always the same, whatever the price of coal, there is no increase in the price of manufacture.

535. Suppose coal at 1 *l.* a ton produces residuals worth 10 *s.* a ton, and suppose coal at another time is 4 *l.* a ton and produces residuals worth 2 *l.* a ton, that would be the same proportion, would not it?—I did not say the same pro-

Mr. *W. Newton.*
3 June 1875.

portion; I said if in all cases the difference between the cost of coal and the value of the residuals was the same.

536. But is there the least probability of that; suppose the case I took just now, there is 10 s. worth of residuals when the coal is at 1 l., would there be only 10 s. worth of residuals when coal is at 2 l.?—That might be.

537. Is it practically found to be so?—In the first place, I do not know of a case where 2 l. has been paid for coal.

538. I am taking a hypothetical case?—I prefer to answer you by actual example. If during the late coal famine instead of paying 16 s. a ton, companies were paying 26 s. a ton, and if the price of coke went up so that it only left a difference between the price of coal and the price of coke of 10 s. in each case, the manufacturer of gas was not interfered with by the price of coal.

539. Do you represent that as a practical thing; do you say that there is any sort of reason why, when the price of coal greatly increases the price of residuals should increase in a much larger proportion?—Yes, I think there is.

540. Why?—I do not know why; I think it is possible you will have evidence to that effect.

541. You mean that consequent on the rise of the price of coal, the residuals go up in a much larger proportion than the coal; do you pledge yourself to that?—They may maintain the exact difference; supposing in the ordinary time the difference between the production of coke and the consumption of coal cost 10 s. to the company, that is to say, when coal is at its ordinary price, then if it goes up from 16 s. to 26 s., and if the residuals realise 16 s., and leave only a difference of 10 s., in that case the manufacture of gas would not be interfered with, and I am not sure that that is not precisely the state of things as they exist.

542. Then I ask you whether it is your opinion that it is totally immaterial to the gas companies whether coal is dear or cheap?—No. I do not say that if you put it absolutely that the price of coal is dear, and do not put it equally absolutely that the price of coke has gone up.

543. In the inquiry before the Commissioners, was not the probable price of the residuals taken into account, as well as the price of coal?—I believe it was, but there the Commissioners had only to take the evidence as to what was necessary to make up a dividend of 10 per cent., and they arrived at it as an arithmetical sum.

544. Was not it an element in the calculation first what they would pay for coal, and amongst other receipts what they would obtain from residuals?—Yes.

545. Nevertheless the Commissioners granted the companies the increase?—No doubt; we pressed upon the Commissioners the desirability of not giving them what they required, for the reason that they had entered into improvident contracts; they had at the time of exceptionally high prices made contracts extending over a long period of time, and we sought to get those invalidated to a certain extent, even at the risk of the companies not being able to obtain 10 per cent. dividend

546. The Commissioners decided against you?—They acknowledged that the contracts had been improvident, but all they had to do was to prescribe the price that would enable them to divide 10 per cent.

547. Will you point out in the Report where they said that?—I am only speaking generally.

548. Will you tell me where in the Report you can find that; I ask you where, in the case of the Imperial Company, they said anything about that, that they had entered into improvident contracts?—If I find it afterwards I will draw your attention to it; what I wished to convey was this, that the Commissioners, after hearing evidence upon those points, decided that the company were not entitled to what they had asked for, but they made certain deductions in respect of the anticipated continuance of the price of coal (I am speaking of the Chartered Company).

549. I wish you would speak of the Imperial Company?—I cannot.

550. The Imperial is the company I represent, and I do not represent the Chartered Company?—I am speaking generally; I do not confine my observations either to the Imperial Company or to the Chartered Company.

551. As

551. As far as the Imperial Company is concerned, the result was 4 s. 8 d. for 14-candle gas?—Yes, that was the result. Mr. W. Newton.

552. I want to know what provision you intend to give for a possibility of future increase, and a large increase in the cost of manufacture?—We take this view of that question. 3 June 1875.

553. Will you tell me first whether you do make any provision for future increase in the necessary cost of manufacture?—Our Bill, as now before the Committee, enables you in times of prosperity to raise a reserve fund, which would enable you to pay your dividend in times of high prices and depression.

554. Supposing those times of high prices and depression last, suppose the high price of coal had lasted two years longer, would the Imperial Company have had any reserve fund?—Under these circumstances they would not have been able to divide 10 per cent. dividend.

555. Would they have been able to divide more than 5 per cent.?—I do not know what the exact amount might have been; we purposely framed our Bill with the view of throwing upon the companies a proportion of the loss sustained in those years.

556. Will you say in what respect it is inaccurate to describe your clause as a breach of the existing arrangements under which the companies are, if they can earn it with due care and management, entitled to the prescribed dividend?—Because at the present time we have no means of insuring due care and management.

557. Supposing the coal famine had lasted four years instead of two years, would not all the companies have been reduced far below their prescribed dividend?—Yes, I think so; and properly so. If there are periods of great depression, the loss ought to be equitably born between the consumers and manufacturers.

558. That is not the principle on which Parliament has in any single case legislated, is it?—I do not know.

559. Will you tell me of any case in which it has?—I do not think that, except in London, there are any Acts which give a guarantee that the company shall receive a dividend of 10 per cent. What I say, and what the Board thinks, is this: if you are to look upon this dividend as a guaranteed dividend of 10 per cent., and the companies are to have it under all circumstances of high prices and otherwise, the shareholders and directors are not the proper persons to be entrusted with the manufacture of gas. You might as well say that the fundholders of this nation should manage the Imperial affairs, and not the taxpayers.

560. What you propose is in short to act on what you think desirable not for the shareholders, but for the consumers?—I must tell you that my desire is to act equitably between the two; to make the two interests identical.

561. Was it Sir Charles Adderley you had the interview with?—Yes.

562. Did he represent to you what is represented in the letter of the Board of Trade, that there ought to be a sliding scale up and down?—No, that was mentioned; it was stated, I think by Sir James Hogg, that there were only two ways in which the sixth clause could be modified. The one was to make the scale go up as well as down; the other was to make a reserve fund which would enable the companies in times of low prices to contribute to the dividends in the times of high prices. The Board considered that question, and the latter proposition was the one which they decided upon.

563. And the other proposal which we think quite as objectionable, or nearly as objectionable as the clause in your Bill as it stands at present, seems to be adopted by the Board of Trade, even after your interview?—It does according to that letter; of course, we had no previous knowledge of that communication.

564. I see by Clause 26 A, there is an alteration which you have proposed; as the Bill originally stood it was proposed that the minimum of testings of each day should be taken to represent the illuminating power?—It was.

565. And you now alter it to the average; why did you alter that?—After this was in print we discovered that it varied the present Act of Parliament; that is to say, the legislation of 1868 and 1869; there are three testings prescribed there by the referees, and the average of the three is now to be taken as the illuminating power of the day.

566. And you knew that when you put in the lowest?—I must confess I did not know it.

Mr. W. Newton.
3 June 1875.

567. Whoever drew the Bill must have known it?—I do not know that; it did not quite represent our views, and we modified it in that respect.

568. Perhaps you thought it rather too strong?—No, I did not know of it until I saw it in print.

569. Your provision in Clause 48 A. is in substance that they may apply the surplus over the dividend to make a deficiency fund; they have power to the amount of 5 per cent. of the whole capital to make a reserve fund, if they can, in good years?—Yes.

570. Now will you look at 48 B.: "If in any year during which the price charged by any gas company has not exceeded the maximum price, and the profits to be divided amongst the shareholders shall not amount to the prescribed rate of dividend"; you confine the operation of this clause to cases in which they have not exceeded the maximum price?—Yes; "such a sum may be taken from the dividend deficiency fund as, with the actual profits to be divided in such year, will, so far as may be, enable such gas company to make a dividend of the amount aforesaid, and so from time to time, as often as the occasion shall require. Provided always, that nothing in this section contained shall authorise the application of any part of the dividend deficiency fund of any company to make good any deficiency in the dividend for any year which may be caused by any forfeiture or fraud, and which, under the provisions of this Act, is to be borne and paid out of such company and by way of reduction of dividend." What I want to call your attention to is this; if in any year they charge more than the maximum price, although they may have a reserve fund, they are not to apply it to make up the deficiency; if they charge more than 3s. 9d. they are not, as long as they charge more than 3s. 9d., to take any money from their reserve fund to make up their deficiency?—Yes, they may take any money from the reserve fund to make up the deficiency in the dividend they are entitled to.

571. That they are entitled to under Clause 6?—Yes.

572. That comes to the same thing, that supposing by reason of a rise of price the dividend is reduced, say to 8 per cent. instead of 10 per cent., they cannot take anything from the reserve fund during that year?—Except to make up the 8 per cent.

573. Consequently when Section 6 was in operation, Clauses 48A and B would not apply?—They would apply in this way, that having adopted Section 6, and having fixed your price so as to entitle you in that particular year to 8 per cent., you could only use your reserve fund to make up that 8 per cent.

574. Consequently if the Government were right in thinking that Section 6 was a breach of the existing arrangements, and also in thinking that it ought not to be allowed to pass in its present form, Section 48B would not correct that breach of existing arrangements, or provide any means of making up their full dividend?—It would make up a dividend equal to what you were entitled to proportionately to the cost to the consumers.

575. What I presume the Government meant was, that Section 6 contemplated certain contingencies in which the companies were not to make their prescribed dividend?—Are you speaking of the Government of the present day?

576. I am speaking of what Sir Stafford Northcote and the Board of Trade say in their letter?—What they mean must be taken from their proposed clause; they adopt our clause, and make an addition that the scale shall ascend as well as descend.

577. They do not say anywhere that that should be imposed compulsorily upon the company?—That is for the Committee to consider, but you cannot consider our 6th clause in connection with a reserve fund; we do not propose a reserve fund, and the 6th clause too.

578. Yes you do?—If this Committee decides upon adopting the Government suggestion, that there shall be a sliding scale of dividend; that is, that it shall go up as well as down, then we should withdraw those clauses as being unnecessary under those circumstances.

579. I am considering what you propose, as contained in this Bill?—What I am saying is, that you must not consider those clauses for the establishment of a reserve fund in connection with the 6th clause at all, because if the 6th clause be adopted in any form, either in the form in which we have presented it to the Committee, or rather in the form in which the Board of Trade has presented it, we should withdraw the reserve fund clauses.

580. Supposing

580. Supposing the 6th clause were adopted as it stands in your Bill?—Then we propose to adopt this as a modification of that clause, to enable you to divide 10 per cent.

Mr. W. Norton.

3 June 1875.

581. It does not enable us to divide 10 per cent. in the case in which Clause 6 would reduce it below 10 per cent.—We are of opinion that it sufficiently enables you to do it.

582. Suppose the operation of Clause 6 was to reduce the 10 per cent. dividend in any year to 8 per cent., then the reserve fund could not be applied so as to make up the deficiency to more than 8 per cent.?—That is evident; Clause 6 states that the dividend to be divided must be proportionate to the price charged to the consumers; if you charge a higher price to the consumer your dividend is fixed at so much less than 10 per cent.; your reserve fund may be used to make up that exact amount, because if you have been prevented from charging the consumers what was necessarily a higher price to make up your dividend of 8 per cent., they had the benefit of that for the year, and therefore it is only fair to say that you should use your reserve fund for the purpose of making up your dividend.

583. That again comes to this; I do not assume that the Government is right, and that you are wrong, but if Sir Stafford Northcote was right in saying that Section 6 would be a breach of faith, because it would in certain cases reduce the dividend below the prescribed dividend; your Clauses 48A and 48B leave that as it was?—I do not understand the Board of Trade's letter to say that it would be a breach of agreement, because it would reduce the dividend below 10 per cent.

584. I ask you to assume that that was the case, that when the Government spoke of a breach of faith in Clause 6, I assume (though you do not) that it was because it tended to reduce their dividend; you do not agree with me in that; can you suggest any other breach of faith involved in clause 6?—I do not consider that there is any breach of faith at all; it has been said that it was a breach of faith, but I do not know whether anybody has said precisely how that would be.

585. If it was a breach of faith to reduce the dividend, your Clauses 48A and 48B would not correct it?—No, but it was no breach of faith or agreement. You are only entitled to a prescribed dividend when you have conducted your affairs with due care and management, and we say that we have no means of testing that, and, under the present circumstances, you have no interest in due care and management.

586. Will you tell me what the policy of the Metropolitan Board is about buying up the companies?—The Metropolitan Board has no policy with regard to buying up the companies except that which was explained in their own Bill.

587. I mean do they now, since the withdrawal for the present year of the Bill, still contemplate bringing forward a similar Bill in some other year?—If these regulations are passed and are satisfactory, I should think it would be a long time before you will hear anything about a purchase or competing schemes.

588. Have we any security for that?—You cannot have any security against any deliberative public body taking up any question.

589. Are you of opinion that the property of the gas companies is likely to be more valuable if, under the present legislation, they are secured in the enjoyment of their prescribed dividend, or if, in certain contingencies, they are to have less than their prescribed dividend?—They could not be under more favourable circumstances than they are now; that is impossible. If the result of the operations of the revising Commissioners is to ensure them 10 per cent. under any circumstances, nothing can give them a higher position than that.

590. You mean to say that they ought to be in a worse position?—I mean to say that is an improper position for them to be placed in.

591. You propose to put them in a less advantageous position?—I propose to put them in a proper position.

592. You propose to put them in a less advantageous position?—That may be. If they obtain an advantage from an improper state of things, it would be taking some advantage from them to place them under proper regulations.

593. Supposing they were to be bought up at so many years' purchase of their revenue, the purchase money would be proportionably less?—Of course it would,

Mr. W. Newton.
3 June 1875.

if the principle of our Bill was adopted, that of buying them at their market value. If the shares went down in consequence of that Bill, then, of course, they would have to sell at a lower rate, if that was the effect of it.

594. Or supposing such an iniquitous proposal as that to be left out of the question, and they were bought up at so many years' purchase of their income?—Do you call to give the market value, with 10 per cent. for compulsory sale, an iniquitous proposal?

595. Yes; however they would be bought cheaper if this Bill were passed than if it were not passed?—I am not prepared to say that at all.

596. Their revenue would be less?—I do not know.

597. You said that their position would be changed for the worse?—I do not think so. I believe you would introduce new life into the whole system; if you were to adopt this Bill, you would have your shareholders looking up your directors, and your directors looking up your engineers; every halfpenny of expenditure would be narrowly watched, and you would be able to maintain the position you now occupy.

598. You think, in short, though you take from us certain rights which we have at present, that the value of our property would not be deteriorated?—It would take from you certain privileges you have at present.

599. You think that taking away those privileges would not depreciate the value of our property?—Eventually it would not, because it would stir up a different feeling in the manufactures of gas.

600. Here is a point I had not the materials for asking you about; do you know whether the net cost of coal, after deducting residuals, was in 1869, 1870, 1871, 1872, 9 s. 5 d.?—I think you had better ask some of the experts those questions.

601. Do you know it?—I do not know it sufficiently to give evidence upon it.

602. Assuming that for the four years I have mentioned, ending 1872, the net cost of coal, after deducting residuals, was 9 s. 5 d., and in the year 1874 the same net cost, after deducting residuals, was 14 s. 8 d. (assuming that to be the case), do you think the price of gas ought to have been the same?—It does not appear to me that it could have been the same. In speaking of residuals, do you mean the whole of the residuals?

603. Yes?—It is quite clear upon that hypothesis that the price could not be the same; but then I say if you are compelled to raise the price charged to the consumers, you ought to bear a portion of that yourselves, and submit to a reduction of your dividend.

Cross-examined by Mr. Serjeant Sargood.

604-5. Dealing with you as the representative of the Metropolitan Board, and knowing their views, as I suppose you do, I will ask you a question or two more than my learned friend Sir Edmund Beckett did, about the legislation of 1868. You are aware that in 1868 Lord Cardwell's Committee adhered to the views that it had expressed in 1867?—I think it did.

606. And the legislation of 1868 strictly carried out the views the Committee had expressed?—I am not quite prepared to say that; I think there were some modifications as to price. I think in 1867, when the Committee concluded its labours, the price was then put at 3 s. 6 d.

607. In 1867?—Yes; I do not know that it was definitely decided by the Committee that it should be so.

608. Practically the legislation of 1868, did carry out the continued and continually expressed views of that Committee?—Not quite, I think. I find this paragraph, "It was urged by the Metropolitan Board of Works that, as terms of compromise, the price of 3 s. 9 d. for 16 candles might be adopted, for three years, after which time the price shall fall to 3 s. 6 d., subject to an arbitration, in case it should be alleged by the companies that the cost of coal, wages, &c., had increased in the interval; but your Committee considered that as the price of gas has always hitherto steadily decreased from one interval of time to another, and the annual increase of consumption is considerable, the plan of periodical revision was one which might have been adopted with great mutual advantage both to the consumers and the companies."

609. That

609. That is 1867?—Yes.

610. That looks as though the Committee had proposed 3 s. 9 d., and the Metropolitan Board had said we are content with that for three years, if you will make it less afterwards?—No, it appears as if the Metropolitan Board had proposed 3 s. 9 d. for three years, after which it was to go to 3 s. 6 d.

611. Do you imagine that the Committee having proposed 3 s. 6 d., the Metropolitan Board volunteered to make it 3 s. 9 d.?—No, I did not say it was a proposition of the Committee at all.

612. You gave me this as an illustration that the Committee did not adhere to its views. It seems to me that the Committee stuck to their views, and would not limit the 3 s. 9 d. to three years, as you wanted them to do?—That does not appear in the Report.

613. Let me put this to you; if the Committee stuck to their guns in 1868, and reiterated their opinion of 1867, can you tell me why they did not pass a Bill in 1867 of a public character?—For the reasons that have been over and over again stated, Lord Cardwell assigned as a reason that having no competing Bill the Committee would not pass a Regulation Bill.

614. A competing Bill would not have helped him at all. You mean this, that having no Company's Bill before him he had nobody to threaten, and nobody to coerce?—No, but if I understand the effect of the Report it is this; that if there had been a competing Bill by which the Corporation of London and the Metropolitan Board had proposed either to supply the whole of London with gas or to purchase up the existing companies, Lord Cardwell would have been prepared to state, "Unless you, the companies who appear in opposition, are willing to accept those terms as regulations affecting the whole of your companies, we will pass this Bill of the Corporation and the Metropolitan Board." I think that is patent on the face of this Report.

615. What I thought was patent on the face of the Report was this, that though we have very strong views and opinions upon the subject, which we are not inclined to change, we will not force them upon the gas companies until they come here, some or one of them with a Bill of their own, in which we are able to say, "Now, we will not give you the Bill except on terms"?—That is the fact as to what occurred, but if there had been other Bills before that Committee I think it is clear that the judgment of the Committee would have been different.

616. It so happened that whatever Bills there were in 1867, they were absolutely withdrawn, and the companies retired, did they not, and said, "We will not accept those terms, and we will have nothing more to say to it?"—Yes.

617. And Lord Cardwell then said, I cannot force them down your throats against your will; if there had been anybody here asking for competitive works I might have had a control over you, but there is nobody?—Yes; and the companies refused the terms, because the terms submitted were so onerous that they could not accept them, showing that they never anticipated that the revising clauses would produce the effect they had; if they had known that they might have accepted the Bill, if the price had been 9 d. instead of 3 s. 9 d., because really 3 s. 9 d. with the revising clauses means nothing.

618. *Chairman.*] When you stated that you thought the Committee were guided by the fact of no Bills being presented, I suppose you alluded to the 3rd resolution on page 12?—Yes.

619. Will you read that?—This is a clause in the Report of Lord Cardwell's Committee, at page 12: "That no Bills for the establishment of a competing supply having been referred to the Committee, the question of providing for the establishment of control by the means of competition does not immediately arise."

620. *Mr. Serjeant Sargood.*] In other words what Lord Cardwell said, and said more than once in various places was this: "I will not coerce the gas companies into any new arrangements, but if I had a Bill here by a stranger for a competitive supply I would then know how to deal with it"; and there was no such Bill?—I think Lord Cardwell said something more than that; he said in effect that the Act of 1860 was unsatisfactory.

621. No doubt; I do not want to shirk that?—And not only that it was unsatisfactory, but he found a difficulty in dealing with the companies in the absence of a competing Bill, or a special Bill of the companies' own.

Mr. W. Newton.

3 June 1875.

622. He had two special Bills of the companies' own, and he was frustrated in 1867 by their both going?—By their refusing to accept the terms.

623. In 1868 Lord Cardwell was assisted by the Corporation of London bringing in a Bill for works to create a competitive supply?—Yes.

624. The City of London Gas Act, which amended the Act of 1860, you told us you remembered was intended to be originally a Metropolis Act?—Yes.

625. And you were the parents of it practically?—Certainly not.

626. You gas agitators were?—I am not a gas agitator. I had nothing to do with it; the Board had nothing to do with it.

627. Who brought up the Bill of 1868?—I think Mr. Morrison introduced it in the House.

628. Who originated it?—Mr. Beal.

629. He is the leading gas agitator in London?—I never was associated with Mr. Beal upon the gas question in any way.

630. That being so, do not you know perfectly well that the Imperial and the Chartered Companies had each of them a Bill before that same committee?—They had.

631. Do not you know that the Imperial Company, adhering to its own high-minded view of the question, said, "We will accept none of your regulations, and we will rather withdraw our Bill than go on"?—Yes.

632. Thereby it was not forced on them?—No.

633. Do you happen to know that the Chartered Company were supplying a very large part of the City of London?—A portion.

634. There were two other companies supplying the City of London?—There were.

635. Do you know that Lord Cardwell made a tender to the Chartered Company that they might take their Bill for their fresh capital and whatever they wanted subject to his regulations?—Yes.

636. And if they did not like them they might perhaps prefer that he should give the Bill to the City of London, so as to enable them to set up a competing establishment?—Yes.

637. And you know that the Chartered Company gave way?—The Chartered Company accepted the Bill.

638. You call it "accepted," do you?—Yes; I mean they accepted the restrictions.

639. The Chartered accepted it, and their two colleagues inside the City accepted it?—No, they did not; I do not think they did.

640. Did not this happen, the Chartered Company came and said, "We have conferred with ourselves about this matter, and we are prepared to accept your terms and to take our Bill subject to them"?—That is so.

641. Did not they then announce that they had conferred with the other two companies who served the City, who were willing to come under the regulations, and suggest that the Metropolis Bill, as it then stood, containing the regulations should be re-christened as the City Bill, confining its operation to the City of London only, and thereby affecting the three companies who, to use your own word, consented to submit to the regulations?—Yes.

642. And that sort of consent under the terror of the opposition of the Corporation making gas for themselves, induced us to come in and submit to the Bill?—Yes, but that is altogether a different thing from what was stated yesterday. I was perfectly accurate yesterday when I stated that the Legislation of 1868 in the City of London affected only the Chartered Company (I should like to give my explanation of it), excepting that a provision was inserted in the Bill enabling the City of London Gas Company and the Great Central Gas Company to amalgamate with the Chartered Company, upon terms to be decided by the Board of Trade. The Metropolitan Board was, I think, admitted as an authority that might appear before the Board of Trade and the Corporation of London, upon the terms of those amalgamations; but the Legislation of 1868 did not affect either of those Companies till the amalgamation was completed; that is my impression.

643. You are entirely wrong; I will read you three lines from the Preamble of the Bill of 1868: "Whereas the City of London is now supplied with gas by the Gaslight and Coke Company" (that is the Chartered Company), "the City of London Gaslight and Coke Company, and the Great Central Gas Consumers Company; and it is expedient that the Metropolis Gas Act of 1860 be amended

amended so far as it affects those Companies, and that better provisions be made for the supply of gas in the City of London," and so forth. You see you are wrong about that, and they come in arm-in-arm with us, and consent with a Bill operating generally through the City?—I do not think that shows I am wrong; if I understand it that Preamble only covers a clause which permitted amalgamation after the passing of the Act.

644. The Act may be cited as "The City of London Gas Act"; and in the interpretation of terms I find "the term Company and Companies" throughout the whole of the Act in every instance "means the Gaslight and Coke Company, the City of London Gaslight Company, the Great Central Consumers Gas Company," and each of them; the amalgamation had nothing to say to the subject; it did not take place till the following year?—Yes; and the Companies had a separate existence till then.

645. The company or the three companies, whichever may be right, having as you call it accepted those terms, were the Metropolitan Board then satisfied with the Bill?—The Metropolitan Board were averse at the time to the capital being raised at 10 per cent.

646. Were the Metropolitan Board then satisfied with the Bill?—I think they were satisfied with the other provisions of the Bill as to testings for impurity and illuminating power.

647. Were the Metropolitan Board then satisfied with the Bill as a whole Bill which had been forced upon us?—I should think not.

648. Will you undertake to say that they were not?—No, I will not; but I should say that the Metropolitan Board having come before the Committee to oppose the raising of capital at 10 per cent. were not satisfied when it was decided against them.

649. Do you know when that Bill went up to the House of Lords the Metropolitan Board and the Corporation of London both were so anxious to preserve it in its then form, that though some people petitioned against it they lodged petitions against any alteration?—That might be; they might have accepted the terms of the Committee of the House of Commons.

650. They intervened to prevent its being altered or amended in any way?—Yes, very likely; I know we were strongly in favour of all the conditions of the Bill of 1868 at the time.

651. The revision clauses were a great novelty and a great protection, or supposed to be, both to the public and the companies?—That is so.

652. Do you mean that you were not satisfied with them when that Bill passed?—Perfectly, and the companies were not.

653. Notwithstanding that having accepted them they honourably carried up their Bill to the Lords without any attempt to alter it, and you petitioned that nobody should alter it?—Yes, and now, after experience, the companies insist upon the retention of the terms, and we are dissatisfied with them.

654. You are not prepared to say that the Metropolitan Board and the City in 1868 were dissatisfied with the Bill?—Except in the particulars I have stated about the capital.

655. Why did not you try and alter them in the Lords?—We fought the question in the House of Commons, and, having been defeated, we accepted our defeat. All this hangs upon the question whether the revision clauses had fulfilled the expectations that were formed of them.

656. You say, in your Petition to the House of Lords: "Your Petitioners are informed and believe that it is the intention of some of the gas companies supplying the metropolis (other than those supplying the City) to oppose the said Bill, and to seek alterations therein, which your Petitioners are of opinion will be detrimental to your Petitioners and to the rights and interests of consumers of gas within the metropolis"?—There is nothing inconsistent between what I have said and that; we were very favourable to all the conditions of the City of London Gas Act; we were desirous of enforcing them, and have endeavoured to enforce them upon all companies that have come before Parliament, and would have gone on doing it but for our painful experience of the revision clauses in 1873 and 1874.

657. When that Bill was in the House of Lords in 1868, did you think that you had hit upon a scheme for producing perfect harmony, and making the two interests identical; did you think you had accomplished that then?—I do not know what I thought then.

Mr. W. Newton.

3 June 1875.

658. The Chartered Company having, as you say, accepted it, are you prepared to dispute that they have acted honourably and loyally in every effort to carry it out?—I think that an improper advantage has been taken of the revising clauses.

659. What else have you to complain of which you think has been disloyal or not honourable on their part?—I came here simply to speak on the general policy of gas legislation. There are others who will speak about the particular acts of the companies, and the best means of manufacturing gas; they will go more particularly into the questions when they come.

660. The Chartered Company having had this forced upon them, have you anything to say as to their want of loyalty in endeavouring honestly to carry out Mr. Cardwell's legislation, except the point that you think they have taken an undue advantage of the revision clauses?—That would direct our attention to the whole question of their mode of raising capital, and expending capital, and the management of their works.

661. Is there anything in the Act of 1868 which at all affects their mode of raising or expending their capital?—I am sorry to say it was discovered during the revision in the case of the Imperial Company in 1874, that we had no power to make that inquiry.

662. Is there anything in the Act of 1868 affecting the mode of raising or spending the capital?—No.

663. Has there been any want of loyalty on the part of the Chartered Company in honestly carrying out the legislation of 1868, except the revision question which you have spoken of?—I do not know of any.

664. Is there any company at this moment at all affected by that amended legislation of 1868, except the Chartered Company, who accepted it in its integrity; the Imperial Company, who have adopted a portion of it; and the South Metropolitan, who have adopted a portion of it?—Not unless the London may be included under the provision of the Act that was read yesterday; that is a legal point.

665. The Chartered Company are the only people who have adopted the Act of 1868 in its integrity?—Yes, it is the only company that took the Act of 1868.

666. That Act of 1868 is the consumers' amendment on the Act of 1860, accepted by us?—Yes.

667. Is the experience of the public and the Metropolitan Board, as to the effect of the Act of 1868 in its integrity, limited to the conduct of the Chartered Company?—No.

668. What other company do you judge of its effect from?—The Imperial Company, who obtained a rise of price.

669. You judge of it from them; so far as they have adopted the Act of 1868, have they been loyal to it or disloyal?—When you use the term loyal or disloyal, I can only answer you in this way. I cannot put my hand upon anything which they have done illegally, and if they are legally acting under the Act, I presume they are loyal to the Act; but what I complain of is, that the Act itself ought to be amended, because it has been proved to work injuriously to the consumer.

670. That is to say, that you believe the consumers have made a gross blunder in tinkering up the Act of 1860; and because we have loyally attempted to carry out your blunder, you turn round on us, and say it ought to be altered?—If it is a gross blunder, we naturally seek to remedy it.

671. Do you say that it is a blunder?—I will not say that it is so.

672. You are here not only to amend the Act of 1860, but to abolish the Act of 1868, which we have honestly and loyally taken up for you?—When you ask me to term it a blunder, I should be very sorry to apply such a term to anything done by the very able Committee that sat in 1867 and 1868, but that they were mistaken in the effect of the revision clauses I believe.

673. Who misled them except the consumers?—I do not know that they were misled.

674. We did not invent the revision clauses?—It is clear the companies themselves never expected to derive the great advantage from those revision clauses which they have done, or they never would have objected to accept the Act of 1867, which bound them to the three shillings and ninepence price; they might have accepted any price, ninepence, or anything else with the revision clauses.

675. The

Mr. W. Newton.
3 June 1875.

675. The thing was not in print in 1867; it was only the principles that were discussed in 1867?—But in 1867 the Chartered Company had a Bill before the House, and when Mr. Cardwell presented the Report of his Committee to them and said, will you accept your Bill upon those terms, they declined it.

676. Were there any revision clauses in existence at that moment?—There were propositions.

677. There was some talk about them, but nobody knew how they would work?—No.

678. When they were submitted to us we accepted them?—No they were submitted in a sufficiently complete form to enable you to understand their meaning.

679. Will you refer me to anything in the Report of 1867, touching the revision clauses at all. We resisted certain things, and the revision clauses came as a sop in 1868 to try and induce us to give way.

Mr. Philbrick.] They are, in 1867, in almost the same words.

Mr. Serjeant Sargood.] I say in principle they were suggested, but there were no details as to how they would operate.

Mr. Philbrick.] Will you read the last paragraph of the second resolution adopted by the Committee?

Witness.] “In this case they will insert also in the Bill machinery for the periodical revision of the price, in conformity with this principle.”

680. Mr. Sergeant Sargood.] There was not a model of the machinery, still less a made machine?—I do not think you would say you would not understand what that meant when it was proposed.

681. Amalgamation was a new principle introduced into a public Bill?—Yes.

682. Do not you know that under a scheme afterwards sanctioned by an Order in Council in 1870, we did amalgamate with the City of London Gas Company?—Yes.

683. In the same year with the Great Central Company?—Yes.

684. By a Bill in the same year with the Victoria Dock Gas Company?—Yes.

685. By a Bill in the next year with the Equitable Company?—Yes.

686. And by a scheme in the following year, sanctioned by an Order in Council, with the Western Gas Company?—Yes.

687. Do not you know that we did that in a loyal attempt to carry out Mr. Cardwell's legislation of 1868 under the terms and conditions of that Act of 1868?—Certainly, and we helped you to do it.

688. Because you thought amalgamation then so bad?—No; because we thought it so good.

689. Do you think it fair now that we have spent a million of money, and pledged ourselves to carry out the provisions of the Act of 1868, to come and rescind that Act which you once thought good, and which you have now altered your minds about?—Yes, I think it quite fair; it is quite fair to subject the companies to the regulations which we now propose.

690. To a new system of regulation?—Yes.

691. That is to say, to put it upon all the companies other than the Chartered Company, who accepted your terms of 1868; you would not put us under it, would you?—Yes; all the companies.

692. Including the Chartered?—Including the Chartered; the greatest sinner of the lot.

693. Will you tell me how you are to do us equal justice, putting us on equal terms with the other companies; rescinding our amalgamation, and returning to us our capital. How do you propose to do that?—I do not suppose that it is at all necessary. You would not ask us to rescind the amalgamations, because the amalgamations have been of so much benefit to the Chartered Company while they have been a great injury to the consumers that were supplied by the companies you have amalgamated with, that the Chartered Company would never consent to lose them.

694. You mean that the whole machinery of 1868, though you do not like

Mr. W. Newton.

3 June 1875.

to admit it was a blunder, was one?—I am bound to admit that we were all deceived.

695. You know that under that very Bill of 1868 which we took, accepting your legislation, we had to raise 650,000 *l.* of new capital?—Yes.

696. And you are aware also that in 1872, I will not say with a guarantee of 10 per cent. dividend, but with a power of getting 10 per cent. if we could, we came for a further amount of capital to the extent of exactly 1,000,000 *l.*?—Yes.

697. In order to carry out those great works?—Yes.

698. On the footing of the 1868 Bill?—Yes.

699. Do you know also that you and your friends, having caught us in a trap, and found that we were setting to work to carry out the 1868 Act, came down to try and cut down our dividend on the 1,000,000 *l.*?—That is very likely.

700. I will not ask you whether you thought that kind; I will ask you whether you thought it honest, when we had amalgamated with those companies and were compelled to raise a million of money to carry out your objects of 1868, did you think it honest, when you knew we could not go on without the money, to come and try to cut down our dividend?—Certainly; I understand that you are now speaking about the new capital which you desired and which Parliament sanctioned you to raise. Clearly it was within the purview of Parliament to prescribe the rate at which you should raise your new capital; and it was within the power of Parliament to say that you should only raise it at 7 per cent., having raised so much at 10 per cent., and there was no impropriety or dishonesty in the Board, acting in the interest of the consumers, coming here to ask the Committee to do that.

701. Not when the Board were parties to the Bill of 1868, putting upon us all these enormous works, upon the capital for which it was understood that we should have 10 per cent. if we could earn it; you do not think that unfair?—No, in any agreement come to we did not commit ourselves beyond the raising of your capital that you were authorised under that Act to raise.

702. Could we have carried out our works without the 1,000,000 *l.*?—If the 1,000,000 *l.* was necessary to enable you to carry out the Act of 1868, why did not you get the capital at the time you got the Act of 1868?

703. If you want to cross-examine me I will answer your question, if you will undertake not to put any more to me; because no human being in 1868 could have come prepared to say how much money we should want?—When we consented to the legislation of 1868 we did not commit ourselves to any further raising of capital.

704. You committed us to the notion that we might earn 10 per cent.; and when we came for capital to try and earn it you came and tried to cut us down?—I do not see any impropriety in the Board acting as they did.

705. As I understood you yesterday, there were two points which you raised; first, as to the revision; you said there were no power to get at the facts; and secondly, you said that there were no powers to inquire into the capital. As to there being no power to get at the facts, may I remind you that, as regards the Chartered Company's operations in 1870, you had all the published half-yearly accounts of the company at your disposal?—Yes.

706. And those accounts are not merely a debtor and creditor balance sheet, but they contain all the details of the several branches of which that balance sheet is composed, running over a considerable number of pages; you had all that information?—Yes.

707. Founded upon your inspection of those balance sheets, you were good enough to furnish us on the 28th of March with 17 requisitions, the answers to which occupy about 18 or 19 pages in one of these books?—Yes.

708. You remember that?—Yes.

709. In 1874 you sent us 28 requisitions, the answers to which occupy 21 pages in one of these books?—Yes.

710. And having on the 23rd of January sent those requisitions, you had your answers on the 23rd of February, and we did not begin the inquiry till the 8th of March?—Yes.

711. Will you explain to the Committee what you mean by saying that you had no power of getting at any facts?—I explained yesterday that it was exceedingly difficult to obtain all those facts after the Commission was ordered and

Mr. W. Newton.
3. June 1875.

and was sitting; that we who are so much interested on the part of the consumers, ought to have the power to examine the accounts of the company at any time, so as to know what is going on throughout the whole of the year. I am speaking from the information I have received. In talking all these matters over with the accountant of our Board, he represented that it was a hardship that we were not entitled to get the whole of this information at any time we pleased, and that we were confined to requisitions and to specific questions before we could get at any information. I think when Mr. Gunn appears before you, as he will, he will give you a much better explanation of this part of the case than I can do.

712. I am dealing with principles; if you complain that you cannot get the facts, I remind you of the facts you have got, and I ask you what other facts you wanted that you could not get?—I cannot tell you.

713. Are you prepared to say that there was any fact you asked for that you did not get?—I stated yesterday that I believed that all the information we required was furnished by the companies upon requisition.

714. What more do you want? a roving commission searching our books from year to year to make a case?—A reasonable commission, I will not say a roving commission; we should not exercise it to the annoyance of the company.

715. Of course not?—We are a public body; we have no interest in this question beyond the public interest.

716. You might tell your grocer so when you asked to see what his profit was?—Then the grocer is not guaranteed 10 per cent.

717. He is guaranteed 25 per cent. if he can get it by letting him alone?—Then there might be a grocer next door who would prevent him getting it.

718. The next point you raised was that there was no inquiry as to capital, and you thought that a grievance; you had some notion that the words, "due care and management," applied to the word capital?—I should have thought so.

719. When you come to look at the Act of Parliament it is quite clear that the Committee never intended that, because the words are these, I have had occasion to refer to them very frequently they are to "fix a price which shall be calculated, with due care and management, to yield a dividend"; the dividend is got out of the profit, is not it?—Yes.

720. The profit is obtained by the manufacture and the sale of gas?—Yes.

721. And "due care and management" therefore applied to the manufacture and sale of gas?—Not "therefore."

722. The law officers of the Crown, and the head of the referees and the counsel who were arguing it, happened to differ from you, a layman, as to that?—Not "therefore," because the amount of the dividend required is an element as well as the mode in which it is obtained.

723. No, the amount of dividend required shows the thing that is to be aimed at; the mode of acquiring is by making and selling gas, in which the due care and management was to be exercised?—But in order that the amount of dividend may be confined within proper limits, the due care and management should, and I believe was, intended to extend to the expenditure of capital as well as to the manufacture of gas; and when you speak of me as a layman not being able to understand this, I may clearly say that when it puzzled the Commissioners so much that they had to take the opinion of the law officers of the Crown upon the question, it is not so clear as you seem to indicate.

724. Do you think they took that opinion because they were puzzled?—I should say so; at least they wanted confirmation.

725. Suppose I suggest to you this, that they were so convinced that I was right in my argument that they hesitated to accept it as against the consumers till they were backed by the opinion of the law officers, what would you say to that?—If they were so convinced as that I should presume they would never have taken the opinion at all.

726. There were two laymen on the Committee, and perhaps they did not like to be governed by their head, who was a lawyer?—The Commissioners may have agreed with you, but I have great confidence in Mr. Cripps.

Mr. W. Newton.
3 June 1875.

727. What is your notion of an inquiry into capital?—I do not understand your question.

728. You say there ought to be an inquiry into capital; I do not see anything in your Bill about it, though you say it is a grievance?—We do not propose in our Bill any inquiry into capital at all.

729. Why not, if it is such a grievance to you?—Because we have expunged the revision clauses from our Bill, and therefore inquiry into capital is not at all necessary; and I may repeat what I said before, that personally I do not think it necessary, if the Committee pass our Bill, to inquire into the due care and management exercised by the companies in the making of gas. I am perfectly satisfied that if the dividend depends upon the price they will exercise all due care and management, and apply all the skill and economy necessary in the interests of the consumers.

730. But I do not forget that somebody has expressed an idea about supervision of capital, and everybody seems to forget this; do not you know that no company has the power to raise any capital at all except by Parliamentary sanction?—Yes, I know that.

731. And before Parliamentary sanction is obtained the company must make out a case before the Committee to prove that it requires that capital before they grant it?—To a certain extent that is so, but everybody knows that the proof of the requirements of capital before a Parliamentary Committee is not so close an inquiry; generally a margin is given to a company, not only for what they require upon the estimate for immediate expenditure, but to tide them over some years in order that they may not be coming year after year for new Bills. If you get power to raise a million in 1872 that may not be expended for five years; it is not in the power of that Committee to judge of the immediate necessity for the raising of that capital, still they allow it. I think therefore, after it is authorised generally by the Legislature, that you should, before issuing stock for the purpose of raising any portion of that million, justify to some public body who can act in the interests of the consumers the necessity of raising the capital to the extent to which you propose to raise it.

732. And so try the question over again; having satisfied the Committee *prima facie* that you want it, that you should satisfy an inferior body that you actually want it?—You satisfy the Committee that it may be wanted in the course of time. I want another body to exercise a judgment as to whether the precise time has come when that capital may be employed.

733. Then what is the use of a body of directors who are supposed to judge whether they want more capital or not in the interests of the shareholders?—I should have perfect confidence in leaving it to the directors if the directors were not personally interested in the issue of a large amount of capital, because it brings them a greater profit.

734. You disapproved of the condition of the directors being bound to be shareholders?—So long as the companies are guaranteed a dividend of 10 per cent., I do not think that the directors or shareholders should have anything to do with the issuing of capital or the manufacture of gas.

735. In every gas company where there was a guaranteed dividend of 10 per cent. you would have directors who had no shares in the company?—The guarantors ought to be the directors.

736. You would have directors who had no shares?—If all the gas companies are guaranteed a dividend of 10 per cent., and if the price is to be charged upon the consumers to make up that dividend, then the administration of the affairs ought to be in the hands of the consumers and not in the hands of the shareholders.

737. You are commercial man enough, I should think, not to be very sanguine that I or anybody else would be fool enough to take shares in a company where the directors had no interest in it except to destroy any dividend?—I say the directors should be persons appointed by the consumers and not by the shareholders.

738. I ask you again, do you know of any man who would buy shares and commit his interests to a body of directors whose duty was to prevent his getting as much dividend as possible, and to give away gas as cheaply as possible?—I say if the dividend be first guaranteed, and you can go to the consumers for whatever price may be necessary to make it up, your position is that of holders
of

of consols, and the taxpayers must pay whatever is necessary to produce the dividend.

Mr. W. Newton.

3 June 1875.

739. That is your view of what would be fair?—That is what would be fair and what should take place if you insist that you have a statutory dividend of 10 per cent.

740. Has it ever occurred to the Metropolitan Board to carry on the business for nothing and to guarantee the shareholders a given sum?—Yes.

741. Was that the proposal in the Bill which you withdrew?—We proposed to purchase the gas companies at their market value, and we were prepared to give a consideration more than that for compulsory purchase. We were met by a Bill of your own company, in which they professed not to be averse to purchase on the part of some public body, but they said that we ought to give them Government securities that would produce the same dividend to them, which meant that their shares, which were ranging at 170 in the market at that time, should have been exchanged for consols that would have cost nearly 290. When they came in 1872 to raise 1,000,000 *l.* of capital at 10 per cent. they assigned as a reason why they should have 10 per cent., that they were engaged in a risky undertaking, and that they were, therefore, entitled to 10 per cent.; but when they proposed that the public body should buy them they insisted that they were not a risky undertaking at all; that they were as safe as consols, and that they ought to have their stock exchanged for consols on the basis of the dividend that they were receiving at the time.

742. As to price; your Bill proposes to modify our price to some extent, though it leaves it at 3*s.* 9*d.* At what price did you propose to sell gas in the Bill which you lodged?—I forget what it was now; I do not think there was any price in the Bill. I do not think there was any necessity for any.

743. In your Works Bill, under which you sought power to make gas in competition, did you put any price at which you were to be limited in favour of the consumers?—No; the way in which we put it was this: that we should be entitled to charge the lowest price for which gas could be manufactured consistently with paying the interest upon the money borrowed for the purchase.

744. I think there was also another provision, that in case by any accident you did not charge them the lowest price, any surplus you made should go in reduction of the general rates?—No.

745. What would you have done with the surplus if you fixed the price too high?—We framed our clause so that there should be no surplus. The clause was as follows: "The price to be charged by the Metropolitan Board for gas supplied by them to consumers shall from time to time be fixed by them at the lowest rate which the requirements of this Act will permit."

746. Supposing, by the same miscarriage of justice, as you say, the Revising Commissioners fell into, you had fixed a price that produced a surplus, what would you have done with the surplus?—I had better read the clause in the Works Bill with respect to the application of moneys received by the Board for the supply of gas: "First, in payment of the gas establishment charges, that is to say, of the expenses properly chargeable to revenue of establishing, conducting, managing, and maintaining gas works or supplying gas. Secondly, in payment of the interest on the moneys borrowed or applied by the Corporation for the purposes of this Act, and the balance (if any), or so much thereof as may from time to time be necessary for such purpose, shall be applied towards the formation of a reserved fund, to be called the 'City Gas Reserve Fund,' until the same shall amount to a sum equal to 4 *l.* per centum per annum on the total amount of moneys borrowed or applied by the Corporation for the purposes of this Act, and when in any year such balance, or any part thereof, shall be required for raising the City Gas Reserve Fund up to or maintaining the same at such amount, such balance or such part thereof shall be applied in reduction of the principal moneys borrowed or applied for the purposes of this Act."

747. There is no price in your Works Bill. Was there any price at which you were supplying the public with gas named in the Purchase Bill?—I think there was no price.

748. Do you think the price you have named in this Bill is a fair one, 3*s.* 9*d.*?—I should say, yes; of course I speak upon advice that I have received; I do not profess to have arrived at the conclusion from actual knowledge.

Mr. *W. Newton*.

3 June 1875.

749. Do you know whether before your Purchase and Works Bill were printed, when the draft Bills were brought up for the approval of the Metropolitan Board, the price was named?—The maximum price was named in our earlier consideration of the question.

750. How much?—I am not sure whether it was 4 s.

751. Four and sixpence?—Four and sixpence I think it was.

752. And afterwards the price was struck out in the Bill?—Yes, it was struck out because as the consumers were manufacturing gas for themselves, it was not necessary that they should prescribe any price.

753. Was a gentleman of the name of Richardson the chairman of your Gas Committee?—We have no Gas Committee.

754. I mean the Committee who had the manipulation of these Bills?—Yes.

755. He brought up the Reports?—He is the deputy-chairman of the Works Committee, which is a Committee of the whole Board.

756. Was there a good deal of discussion at the Board why this 4 s. 6 d. had been omitted when the Bills were finally brought up for approval?—There was a discussion; there was an objection at first to 4 s. 6 d. being placed in the Bill, upon the ground that no price was necessary to be fixed which a person should charge to himself; that being both producers and consumers, price was out of the question.

757. The Committee who brought up the Bill were rather backed by some of the members when they brought up their Report for omitting the price, and Mr. Richardson attempts to justify it, and says this: I am reading from the discussion in the Metropolitan Board on the bringing up the Report of this Committee under date 8th December 1874, from the journal of gas lighting.

Mr. *Philbrick*.] A newspaper.

Witness.] I must say those reports of the "Gas Journal" are very accurate as a rule.

Mr. *Serjeant Sargood*.] I see Mr. Richardson in reply, in answer to this discussion, says this, "There is ample reason why we should not put a price in the Bill; on the one hand it is quite clear that we may make it cheaper, but it is quite possible also that contingencies may arise that will make it necessary for the Board to charge more than 4 s. 6 d.;" that was a good reason why you should not put in the maximum price of 4 s. 6 d. "We may have coals go to an enormous price beyond anything we can now conceive;" and then there is the word "interruption," as though some persons did not relish that argument. "On the one hand we shall manufacture gas as cheaply as possible, but we ought to provide for the other contingency. (Interruption.)"

Witness.] At the present time the consumer has to pay the whole of the costs of any increase in the price of the raw material, for whatever is necessary for the production of gas; if the consumers produce it they must pay, but they are not called upon to pay 10 per cent. dividend in addition to the cost to persons who are not interested as consumers.

758. Are you not now supposed to pay 10 per cent. in addition to the cost of the material when you pay the price of 3 s. 9 d.?—You are not bound to do that.

759. Are you not supposed to be doing it; when you pay the price of 3 s. 9 d. are you not then supposed to be paying the cost of the material and 10 per cent. in addition?—We are paying that as consumers.

760. Apply it to any trade; must not the cost of the material and the cost of the manufacture be paid before there is any profit at all?—Certainly.

761. If the purchaser of the article is to buy it at any price which gives a profit, must not he in that price pay the whole cost of production and manufacture?—Yes, but in the case of purchase that would not have fallen upon us so heavily in our hands as it does in the hands of a company, and we can borrow money cheaper than a company borrows it at.

762. I am assuming at present that we are left alone as manufacturers?—If I understand

I understand you rightly your question is based upon Mr. Richardson's speech, assuming that we purchase the gas undertaking. Mr. W. Newton.

3 June 1875.

763. My question is based upon your sliding scale; you seem to think it a hardship that the consumers should pay any portion of the cost of the material; but does not the consumers pay the whole cost of everything before the seller can get a profit?—I have not said that the consumer should not pay any portion of the cost of the material.

764. I thought you said he ought to pay a portion, not the whole?—No; what I said was this, that so far as dividends are concerned, as far as what is necessary for the division of profits is concerned, if prices go up to an exceptionally high rate the less burden should be, I will not say equally borne, but equitably borne between the consumers and the producers.

765. Is that what you call creating a unity of interests?—Yes.

766. On what principle do you say that it is right for the consumer, while the price is 3 s. 9 d., to pay the whole cost of the material; but when the price is 4 s. that he ought not to pay the whole cost of the material?—I think he always pays the cost of the material; but it does not, in addition to that, in the period of high prices, enable the shareholders to divide so large a profit over and above that cost.

767. You think when prices are high the shareholders ought to get a less profit?—Yes.

768. I will put this proposition to you as a commercial man: when the prices of materials are high does it not cost the manufacturer more money to make the article than when they are low?—Yes.

769. Does not that mean that he must provide a larger amount of capital than when things are cheap?—A larger amount of working capital; that may be so.

770. If so, when the manufacturer is pledged to supply you with gas whether he likes it or not, will you tell me why, if things are so adverse that he is obliged to increase his capital to meet the exigencies of the times, you are to punish him and to tell him, "because you are obliged to put your hand deeper into your pocket, therefore you shall earn less money"?—You are putting a state of things that has not occurred.

771. I am assuming the thing to occur, and I am looking at the operation of your clause; I am compelled to provide more capital, because everything is dear. Why am I to be punished, having increased my capital for your benefit, why am I to get less dividend out of that than before?—Your premises are not correct. The companies have not increased their capital, because of the high prices. The high prices could affect no portion of their capital but that which was engaged as working capital, a few thousands of pounds; it did not necessarily increase their plant in any way.

772. Do you suppose that we should have got our million of money if our works would have cost us just half what they probably were going to cost, labour and materials having been raised. Should we have got the million of money as capital if half a million would have done the job?—There has been no increase in the prices of the materials necessary for the construction of works which would justify anything that has been stated by you.

773. That means that Parliament ought not to have given the money?—I thought you referred to the increase in the prices of the commodity you use day by day.

774. Whether the capital is sunk capital or floating capital makes no difference?—No, but the floating capital is so small.

775. If I have to put my hand deeper into my pocket because prices have risen, upon what commercial principle do you justify that charge upon me, who am called upon to provide more capital for your benefit, and say, I shall not get as much profit out of it?—I do not attack you upon that head, but I do not see the reason why the gas companies of the metropolis should be exempt from the operations of trade as they affect other classes of manufacture. In this metropolis there are manufacturers whose chief materials are coal and iron; the prices of those commodities were raised to a very large degree, and their profits were correspondingly reduced; but you, the Chartered Company and others, under the Act of 1868, were entitled to make up any loss of profits accruing from that source by charging it wholly upon the consumers, and bearing no portion of the

Mr. W. Newton.

3 June 1875.

risk or loss yourself. I say that is contrary to the commercial and manufacturing policy of this country.

776. Let me remind you of an ingredient in the manufacturing policy that you leave out: that while manufacturers when prices are raised are compelled to put up with less profit, because they cannot get it, when prices are down they have an opportunity of making all the profit they can as a set off against that contingency?—But they are subjected to all sorts of competition. One law of political economy clearly is, that where capital is engaged in a direction in which it is making large profits, there is a rush of capital in that direction.

777. If you think that commercial principle is a sound one, why do not you undo all legislation you have been concerned in; let the companies have perfect free trade unrestricted by anything, and take your chance of buying the material?—If I point out the fact that the streets of London are much confined, and that there is not room for a multiplicity of mains, that would be the first answer; but I cannot see that because you are engaged in a manufacture which, under other circumstances, any joint stock company, without the aid of Parliament, might carry on, and you only require an Act of Parliament to enable you to break up the public streets, which you must accept, whether in the form of a concession or anything else; that because the public grant that concession you are to bind the public down for the maintenance of your dividends at 10 per cent.

778. What you call a concession is that the public using the gas conceded to us the privilege of putting it into their houses?—Yes; and not only that, but the Act of Parliament prevents the power being conceded to anybody else.

779. The manufacturers that you have spoken of are not bound to sell their commodities against their will, whereas we are bound to supply gas to you whether we like it or not, and whether we get a profit or not?—You have undertaken to do it.

780. It has been put upon us?—That is so.

781. We cannot help ourselves; let me, by way of final illustration, put this to you; assume, at 3 s. 9 d., that we can make a profit, but that the cost of things suddenly rises, and it does not give us a profit; what you propose is that, if we put on 3 d. and make it 4 s., our dividend shall go down?—Yes.

782. Supposing that 4 s. is exactly the cost price, because when we put it up we must put it up first to meet the cost price, and next something beyond to get a profit; when you have got it up to an amount paying the cost only of manufacture, so that the delivery at 4 s. would bring me nothing; upon what principle do you justify that proportionately reduced dividend, which does not exist except in imagination?—

783. You mean that 4 s. will barely pay the cost of production, and would give you no dividend at all?—

784. Yes?—Then I presume you would make the price more than 4 s.?

785. Supposing I stop there; on what principle do you justify that proportion of your reduction of my dividend?—I cannot suppose such a thing possible as that you should stop there.

786. I give you that as an illustration, because I put it up to 4 s. 6 d., and get 6 d. profit; you are reducing my dividend by 9 d.?—Yes.

787. I want to know, as so much of that increased price only represents production, what justification have you for reducing my dividend to that point until I have exceeded the cost?—I cannot conceive a state of things where 4 s., or even 3 s. 9 d., is necessary for the production of gas.

788. I will give up those figures; supposing the normal price is 1 s., and your clause comes into operation; the thing costs 1 s. 3 d., and I sell it at 1 s. 6 d.; you first put me under the penalty for 3 d. of the cost by reducing the dividend to a certain point, and put me under another penalty by reducing it again; how do you justify commercially the first half of your proposition?—Our proposition does not restrict the price at all; you have an unlimited price, but your dividend must depend upon the price.

789. You do not appreciate my question in the least. Whatever the price may be, the exigencies of the manufacture may compel its increase. When I have increased it by 3 d. I only succeed in covering the cost; and when I have increased

Mr. W. Newton.

3 June 1875.

increased it by 6 *d.*, I succeed in getting 3 *d.* of profits. The operation of your clause is to put a penalty upon me in reference to the other 3 *d.*; why should I pay a penalty as to the first 3 *d.*, which only covers the cost?—We have fixed the price of the illuminating power at what we believe will enable the companies to cover the cost of production and pay the prescribed dividends.

790. You do not approach an answer to my question?—I am not called upon to enter into an abstract question of that description.

791. Your Purchase Bill, and your Works Bill, and the Regulation Bill, were all launched at our head at once, but you have withdrawn two out of the three?—Yes.

792. Would it be impertinent if I asked how much of the public consumers' money you have spent on those two flashes in the pan, because they have been nothing more?—I cannot tell you.

793. Would 10,000 *l.* cover it?—I should think a good deal less than half that amount.

794. Would 5,000 *l.* cover it?—I should say a great deal less than that.

795. £. 3,000?—I should think so.

796. You do not think it has been very expensive?—No, not nearly so expensive as opposing the two companies before the revisions of 1873 and 1874.

797. I see the sore point is the cost of the revision, that the consumers invented; if it had been the consumers' revision and the referees had knocked a shilling off of three shillings and ninepence instead of putting a shilling on, you would have thought it one of the best bits of machinery ever invented.—It was satisfactory.

798. But as the arbitrators thought that the companies were the people to be believed and not the consumers, that is what my learned friend, Mr. Cripps, has introduced as "the futile experiment of revision?"—No doubt.

799. Seeing that it was futile as regards your opposition, and very successful as regards our application?—The whole tenor of Lord Cardwell's Report in adopting revision was to enable the price to go down, but he never contemplated its going up. He saw that the manufacture of gas was continually liable to improvement, and the profit to increase, and that the consumers ought to be insured that there would be some probable reduction. It was never contemplated that there would be a loss.

800. Let me ask you one final question; I do not know whether you are sufficiently a prophet, or really sufficiently in the secrets of the Metropolitan Board of Works to answer it: We were encouraged in 1868 to give way to that agitation; we have honestly adopted the proposals of the consumers, and we pledged a million of money to carry them out. Is it your doctrine in the Board of Works that as soon as you get tired of an experiment of that description, to which the companies are pledged, you are entitled in the interests of the public to come here and shuffle it off your shoulders?—You use such strange terms; to ask me to admit that the Metropolitan Board of Works is prepared to shuffle any question is altogether beside the subject.

801. It is too shocking?—Yes.

802. You think the Metropolitan Board of Works is entitled to change its views according as experience shows that it has made a blunder?—I do.

803. You will allow the companies the same privilege of changing their views if they find from experience that they have made blunders?—Certainly, and I am sure they would.

804. How could we have undone the legislation of the last seven years that we have been faithfully carrying out, and pledging our capital too?—Only by an application to Parliament, in the same way that we are endeavouring to undo it.

805. Would you have thought it honest?—Certainly.

806. Having accepted those terms and pledged our money, I will put this as a concluding question; would you have thought us honest if, in the year 1873, when we came for a million of capital, instead of leaving the question of dividend alone, as we did, we had asked for 15 per cent.; would you have thought it honest?—I should not have said it was dishonest, but I should have said it was extremely foolish.

807. *Tu quoque* induces that answer?—Just so.

Mr. *W. Newton.*

3 June 1875.

Cross-examined by Mr. *Michael.*

808. I represent the Commercial Company here; under the Act of 1860 I believe they are entitled to charge 4 s. 6 d.?—Four shillings and sixpence without revision.

809. Except the revision in the Act of 1860 up to 5 s. 6 d.?—That is so.

810. And they also have the privilege of creating a reserve fund up to 10 per cent. of their capital, have they not?—Yes, 1-10th of their capital.

811. And I believe at the present time they are charging 3 s. 9 d.?—They are.

812. Have you anything to say against the mode in which they have discharged their obligations to the public under the Act of 1860?—No; I believe they have conformed to the Act of 1860.

813. Do not you think that they have carried out the whole of their duties and obligations in a fair spirit towards the public?—With perfect satisfaction.

814. I want to understand this; under the action of your Bill, you allow the creation of a 5 per cent. dividend deficiency fund instead of a 10 per cent.?—Yes.

815. And you allow the creation of a 5 per cent. reserve fund?—Yes.

816. Under another name?—Yes; but that is no addition to the 5 per cent. contingency fund.

817. But, as far as the dividends are concerned, the additional 5 per cent. insurance fund is of no value to make up any deficiency of dividend?—No.

818. Whereas the whole 10 per cent. under the Act of 1847, incorporated with the Act of 1860, might have been used for that purpose?—It might.

819. And I must go one step further and say that is only to come into operation when 3 s. 9 d. or less is charged for gas?—That is so.

820. The moment that the 3 s. 9 d. is exceeded, then any value of the dividend deficiency fund becomes lost?—Yes, for that year.

821. Is that your intention?—It is that they can only make up the reserve fund equal to one-twentieth part of their capital at the time when the price is 3 s. 9 d. or less.

822. Then the moment they exceed 3 s. 9 d. they have lost for ever, or at least they have lost for that year, the dividend?—Yes.

823. Can they ever make it up in any succeeding year?—No, the legislation of 1868 has fixed that principle, that if the Revising Commissioners give a price which in the year is found——

824. I am not under that proviso?—I say we have followed the model of that legislation in that respect. If you fix a price which is insufficient to produce 10 per cent., or the prescribed dividend for the year, the revision of the next year cannot make up any deficiency that occurred there.

825. There is no benefit accruing from it at the present time. If I have lost 1 per cent. in the year 1875, if I can earn it in 1876 I cannot supplement 1875 by the earnings of 1876?—Our Bill, as it now stands, would not enable you to do that.

826. Then when once I have lost my 1 per cent., by adding to the 3 s. 9 d., I have lost for ever that 1 per cent.?—Precisely.

827. Is that strictly your intention?—That is the intention of the Bill.

828. And that is the intention of the promoters?—It was the intention of the promoters that the dividend must be earned within the year, and if not, that it was lost to the company.

829. But supposing I only charged 3 s. 9 d. or less, then I have the power of resorting to the deficiency fund?—Yes.

830. But supposing I exhaust it for the whole year; supposing the price to me of making gas and distributing it is so much that it takes the whole of the deficiency fund of one year, what am I to do in the succeeding year?—You would not be able to make up your dividend.

831. Do you consider 5 per cent. sufficient? How much do you calculate 5 per cent. would represent in the price of gas?—Five per cent. upon the capital?

832. Yes; looking at the returns of the company, 5 per cent. would represent how much in pence in the price of gas?—If I may judge by what has occurred at the Chartered and the Imperial, I think 2 d. upon the price of gas represents about 1 per cent. of capital.

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833. That is a little in excess. Then if I am obliged to add 10 *d.* to the price of gas; that is the cost to me is 10 *d.* more; I have lost the whole of my reserve fund, although it were full?—Yes.

834. What am I to do afterwards?—You must get it up as soon as you can.

835. Supposing that this lasted four years, what should I do then?—You would go on getting up the dividend.

836. For four years I would have lost my dividend?—Yes.

837. Is that your intention; do you think it fair that there should be that contingency, that for four or five years I should be without dividend?—That is the operation of the Bill; but if you ask as to whether the reserve fund should be confined to 5, or 6, or 7 per cent., that is open to discussion when we come to discuss the clauses.

838. Can you say what you are prepared to go to?—I cannot. I can only say that we are prepared to support the filled-up Bill. Any divergence in it does not depend upon me, but is subject to consideration by the whole Board.

839. You must acknowledge the hardship that I should be placed under?—I am certain that the Metropolitan Board of Works have no desire to perpetrate a hardship upon any parties, and any proper representation would be very fairly considered.

Re-examined by Mr. *Philbrick*.

840. Let me clear up this one question; as I understand it, the intention of the Bill, as it now stands, is this, that the reserve fund can never be touched except when the price is 3 *s.* 9 *d.* or under, charged to the consumers?—It can never be increased.

841. The reserve fund can never be drawn upon by the company to make up the deficiency of dividend, unless they charge 3 *s.* 9 *d.* or something below?—I do not understand it in that way. I explain it in this way, that if the companies charge a price which according to the terms of the 6th clause would only entitle them to 8 per cent. dividend; that is, if they charge 1 *s.* 4 *d.* more, which would entitle them only to 8 per cent. dividend; if it was afterwards found they ought to have charged 1 *s.* 6 *d.* additional to have enabled them to pay their prescribed sum, then I should say as the consumers were eased of repayment of that 2 *d.*, so the company might make up a dividend of 8 per cent. by drawing upon the reserve fund.

842. That is, if they did not, as a matter of fact, get as much as you thought they would get, but had regulated their price to the consumers according to the clauses of the Bill?—We must lay it down as a principle that under any circumstances they would be entitled to the dividend which the price they charged to the consumers justified them in charging.

843. And they never would be entitled to make up the 10 per cent. out of the reserve fund, except their price had been 3 *s.* 9 *d.* or something under?—No.

844. To make up the full dividend they never would be entitled to draw upon the reserve fund unless the price were 3 *s.* 9 *d.* or under?—No.

845. And thereupon they make up the dividend according to the scale of Section 6?—That is so.

846. Now, I will revert to some questions asked you yesterday by my learned friend Sir Edmund Beckett; you have been asked a great many questions about the Act of 1860; you say it was promoted by Mr. Beale and other gentlemen associated with him, and not by the Board?—Not by the Board; it was opposed by the Board.

847. Were they in communication with the Board at all, or was it independent?—Quite independent.

848. And the clause which found its way into the Bill as to the Metropolitan Board paying the expense of the obtaining the Act; was that a clause which emanated from the Board in any way?—No.

849. Was it resisted by the Board?—It was.

850. Just refer to that (*handing a book to the Witness*); there is Mr. Beale's evidence in 1867?—Yes.

851. At Question 922, he is examined, "You say, but for the consequences

Mr. W. Newton.
—
3 June 1875.

of your being liable to the whole expense of the Act, you would have been very glad to throw it up?—(A.) Yes. (Q.) How were the costs provided for ultimately?—(A.) The Metropolitan Board of Works were authorised to pay them, and charge it *pro rata* upon the metropolis?—I stated yesterday that the Board opposed the Bill of 1860, that it was forced upon them, that they had no functions to perform under the Bill, except the one of paying the costs of carrying it through; that they opposed the Bill in Parliament, and that during its progress through Parliament it was so altered by the companies that, as Mr. Baxter said in evidence, “the promoters of the Bill did not like it, and would have abandoned it, but they had incurred very large liabilities for costs, and they were induced to accept the Bill as the means of freeing themselves from those liabilities.”

852. That is the evidence of Mr. Beale, given before Mr. Cardwell’s Committee in 1867?—Yes, so that when Sir Edmund Beckett said that this was an agreement between the Board and the companies, and a settlement of the question, that is wrong; it cannot be so, and cannot be accepted as a basis satisfactory to the consumers.

853. You were asked some questions with reference to the principles embodied in Mr. Cardwell’s Report, subjecting each company as it came before Parliament, and according to its necessities, to the restrictions proposed in 1867, which took the shape of an Act of Parliament in 1868?—Yes.

854. And that Mr. Cardwell’s Committee had reported that as each company came, then would be the time to subject them to the restrictions or to consider their case?—That is so.

855. It has been suggested to you that the companies are not coming here on the present occasion generally, and it is not right to pass a general Legislation Bill unless all the companies were coming, or unless all the companies are prepared to accept the Bill as proposed; what do you say to that?—It is not at all inconsistent for Parliament to impose regulations. It was acknowledged by Lord Cardwell’s Committee that the Bill of 1860 had not satisfied the requirements of the consumers, and he altered it in respect of certain parts. There is nothing in my mind inconsistent in the present Committee recommending to the House such regulations as would place proper restrictions upon all the companies, so as to enable them to carry out their works in the interests of the consumers as well as that of the shareholders.

856. That objection would apply to any Regulation Bill in principle?—It would, and it would apply certainly to one Regulation Bill, the City of London Act, which did alter another Regulation Bill of 1860; and if the City of London Act, which is a Regulation Bill, could alter the regulations of 1860, clearly an Act in 1875 may properly alter the Regulations of 1868.

857. Then with regard to such a Regulation Bill, having seen the letter from the President of the Board of Trade to the Chairman of the present Committee, would a Regulation Bill appear to you, having reference to what is stated in that letter, to be consistent with the views of the Board of Trade?—Certainly, if the Bill were prepared on the basis of that letter it must be a Regulation Bill.

858. My learned friend, Mr. Serjeant Sargood, twitted you with the fact of there being a bargain come to in 1868 as between the companies on the one hand and the consumers on the other, sanctioned by a Parliamentary Committee to whom this Bill was referred, and of this being an attempt to alter the bargain?—There was no bargain. When Lord Cardwell set out this Report, and afterwards, when the principles of that Report were adopted in the legislation of 1868, I think both the Corporation of the City and ourselves generally approved of the terms of that Act; that we have endeavoured to support that Act since its passing, and, until the unfortunate revisions, we were in favour of that Act; but finding how the revisions had acted, we perceived we had been altogether disappointed; that we had taken a wrong view of those revisions, and we now seek to get them altered.

859. The revision clauses, popular with you at the time, were not popular with the companies?—No; and they refused their Bill, because they said that the price of 3 s. 9 d. for 16-candle gas was too onerous for them to accept; but if it were 3 s. 9 d. they might have accepted it, seeing what has followed, because the price fixed in the Bill is no criterion of what they may obtain from the consumers.

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Mr. W. Newton.

3 June 1875.

860. One question almost appears to follow; if the object of the Commissioners in settling a price and a revision is to reach a certain sum of money which is a prescribed rate upon the capital and upon the trading, a sum sufficient to make up the dividend, what does the initial price to be charged matter?—Not the slightest.

861. The result must be borne by the consumers whatever you start with?—Every shilling of money spent on the works, and every increase made in the officers' salaries, and every increase of fee paid to the directors, is paid out of the consumer's pocket and not out of the shareholder's pocket.

862. In the manufacture of gas, you have not only such accidental things as may occur from new discoveries, and applying residuals to beneficial purposes, but from time to time such appliances as science brings to bear?—Yes.

863. And also there is the increased consumption which new industries create?—Yes; I stated a great increase to have taken place in the value of residual products; but there is another means of increasing, or rather decreasing the cost of gas, and that is the density of the supply. Take the City of London, there is not a supply of gas in the world that is equal in density and profit to that of the City of London and the immediately adjacent districts. I know that the Great Central Company, in the year 1869, which was the last year of their independent existence before the amalgamation, were supplying a portion of the City; they made in that year a profit equal to a dividend of 16 per cent., and if they had not amalgamated with the Chartered during that year, the next year they must have reduced their price to the consumers; but that has been now all absorbed, and those consumers of gas in the City of London that would have been charged 3 s. 6 d. or 3 s. 9 d. during the recent high prices, have, in consequence of the revision, been compelled to pay 5 s. for every 1,000 feet they have consumed.

864. I will leave that part of the subject for a moment. Some questions have been put to you with reference to the terms at which the Chartered Company, after they had accepted the legislation of 1868 upon compulsion, as my learned friend, Mr. Serjeant Sargood, put it, raised fresh capital, and the opposition of the Metropolitan Board to the proposal to raise it at 10 per cent. in 1872. What do you say as to the effect of raising the capital at 10 per cent. What result had it upon the gas consumers first?—It threw upon the gas consumers the necessity of providing a dividend to get the 10 per cent. for that increased capital, and it has remained with him. The object of the opposition of the Metropolitan Board was to insist, if possible, that the capital should be raised at a lower rate than that of 10 per cent.

865. At a marketable rate?—Yes. The company, in their own Bill of this year, state that their capital when raised ought to be exchanged for consols. If that is so, every time they raise 100 l. stock, with a guarantee dividend, it is worth 300 l. in the Consolidated Fund.

866. On that occasion, supposing they could have raised capital at 6 per cent., the difference between 6 and 10 involved a permanent charge upon the gas consumers of the metropolis which no economy can touch, of 40,000 l. a year?—Yes, and that the Commissioners are not empowered to inquire into.

867. As to your endeavouring to get the dividend limited to a certain amount in the interest of the consumer, upon the new capital, do you consider that any breach of faith on your part?—No, I think they should raise the capital on more economical terms,

Mr. George Shaw, sworn; Examined by Mr. O'Hara.

868. You are Chairman of the Gas Committee of the Corporation of the Common Council?—Yes,

Mr. G. Shaw.

869. This Bill that is now before the Committee has been promoted by the Common Council and the Board of Works?—Yes.

870. And the part that you and your Committee take in that Bill is owing to the express wish of the Common Council?—Quite so.

871. I do not wish to trouble you with all the details Mr. Newton stated to the Committee, and I will only go generally through it. I will assume that in a great part of what Mr. Newton said you concur?—Quite so.

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Mr. G. Shaw.

3 June 1875.

872. In your opinion the legislation in 1860, of which we have heard so much, is at the root of the existing evil?—I quite concur that the Act of 1860 was the commencement of the feeling of dissatisfaction in the City.

873. Upon what is your opinion based?—Because it was felt that the Act of 1860 was advocated under the belief, on the part of the public, that it was to avoid the many nuisances that arises from the continual opening of streets for the purpose of laying gas pipes, by which the traffic was very much impeded. And it was also advocated by the companies, as a plea that the lessening of the expense which would arise to the companies by not having to open the streets, would in part be considered in the price of the consumers.

874. What was the immediate effect of the Act of 1860?—The effect upon the companies was, that instead of considering the consumers, they added very much to their dividends. It increased very much the dividends of the various companies.

875. That was the result of the Act of 1860?—Just so.

876. In 1867, by the Board of Trade and the Government of that day, a Bill was introduced dealing with the Metropolis gas companies?—I would answer that in this way; the feeling was so strong in the City that the Act had not worked as was expected, that the Corporation introduced a Bill in 1866 for the purpose of, if possible, remedying the state of things by manufacturing gas for the citizens.

877. In fact, there was a competing scheme on the part of the Corporation?—Quite so.

878. With reference to the present Bill, one of the objections you have to the Act of 1868 is the Revision Clause?—No doubt it was found to be a complete mockery.

879. That Revision Clause was intended originally in the interests of the consumers, as well as of the company?—It was felt so by the Corporation; we in fact accepted it as in some measure as a modification of the evils then existing, and believed that the revising clauses would be of great assistance; but in the working of it out, we have found it has been quite the opposite; it has taken a totally different direction to what we expected.

880. With reference to the question of due care and economy which the companies were to exercise in the management of their affairs, do you think that the conduct of the Imperial Company was evidence of due care and economy.

Chairman.] The words used are always "due care and management."

Mr. O'Hara.] Do you think, as a man well acquainted with business, that the conversion of a large amount of loan capital which was bearing 5 per cent., into 10 per cent. shares, was evidence of due care and management?

Mr. Richards raised an objection to the question.

Chairman (to *Mr. O'Hara*).] I think you must limit your questions with reference to the revision clauses, to what happened after the revision clauses were passed. I do not think that a fact that happened before would be illustrative of that.

Mr. O'Hara.] In your opinion, was the revision a useful one to the consumers.

Witness.] Distinctly not; it was felt to be a complete sham; we found that when those inquiries before the Revision Commissioners came on, when any effort or attempt was made to make inquiry on our part as to how this capital had been expended, we were met by an intimation from the Commissioners that that was beyond their reference.

Mr. O'Hara.] Will you tell the Committee what your opinion of the effect of these clauses is?

Witness.] The opinion that the Committee of the Corporation formed, and the citizens generally, is that they are totally inoperative in reference to what we expected of them when the Act was passed. The City took great trouble to promote the Act of 1868, believing, amongst other things, that

that the Revision Clauses would be of very essential service in keeping down the price of gas; that when those revisions occurred we would be enabled to raise any questions that might rise as to the application or expenditure of capital, and other matters touched upon by the Act.

Mr. G. Shaw.

3 June 1875.

Chairman.] Now get from the Witness the grounds on which he bases his opinion.

Mr. O'Hara.] Will you state the grounds upon which you have arrived at that opinion.

Witness.] I was present at those revisions, and I was very much struck with the total want of any use they could be applied to. There was Mr. Serjeant Sargood, if he will allow me to refer to him; the grounds were these upon which he met the objections raised by the City at that time. When it was pointed out that the contracts for coals and other matters had been entered upon at the very highest prices ever known. Mr. Serjeant Sargood stated that the reason why the Company should not be bound by ordinary arrangements was because of the largeness of the contracts they had to make, he stated if I recollect rightly, that the smaller companies.

Mr. Serjeant Sargood.] I will not now venture to mention from recollection what I did state, but if it is all in print, as my clients are bound by anything I said, I would much rather the Witness would refer to the print. My argument pledged my clients, and I would rather you stated it accurately by referring to the proceedings in print.

Witness.] I have not got it; I am only giving my impression.

Mr. Serjeant Sargood.] Any point of law then raised I am ready for you to state.

Chairman.] What would be useful to us would be something that has actually happened, which induces you to believe that these revision clauses have not answered your expectation.

Witness.] The tendency, as we are told by the Committee of 1867, being that in all future legislation, referring to gas, there was likely to be a reduction in gas, and when we found in the result that we were prevented from going farther than simply having access to the returns that the Company furnished, stating that it required so much to cover their 10 per cent. and that no further inquiry was allowed, we felt that their was a failure in the effect of those clauses.

Chairman.] I am sure no Member of the Committee would wish to check the Promoters in any evidence they thought fit to produce, but it is quite natural that a gentleman representing the City should be called to state that the City concurs with the Metropolitan Board of Works, generally speaking, in their opinions upon this matter, but I would submit, I do not wish to interfere, but I think it might lead to saving of time, if we do not get a mere repetition of the evidence, because both sides will take it for granted that there is an agreement upon that matter, and that we have got to actual facts, which neither this gentleman nor Mr. Newton will be able fully to tell us, namely, the grounds upon which experts have come to this conclusion.

Mr. Philbrick.] If I may take the Committee into confidence, I would state that when my learned friend, Mr. O'Hara, had risen to leave, I ventured to submit that he might ask the question, if upon the part of the City having considered the subject, the City authorities agreed with the views which Mr. Newton had expressed in evidence, as that entertained by the Metropolitan Board, and leaving the witness to be cross-examined by my learned friend.

Witness.] I may answer this by saying that we quite agree with the course taken by the Metropolitan Board of Works, but there is one part which I do not think has been much referred to, that is the question of the test burner.

Mr. G. Shaw.

3 June 1875.

Mr. Richards.] That was a question which was mentioned yesterday, and which the Chairman thought might well be postponed.

Witness.] It is a matter of detail, but I think it one of the most important points in the question.

Mr. Philbrick.] Will you be good enough to explain your ideas upon that?

Witness.] The arrangement in the Bill of 1868 was, that an illuminating power of 16-candle gas should be given to the citizens; we found it was not better than the old gas, and scarcely so good as the old gas.

Mr. Serjeant Sargood.] Upon the question of illuminating power, may I make this suggestion to you: Before the referees on revision, the companies did not ask for any change of the illuminating power, nor did the consumers, and therefore, although the revisors of price had the opportunity of taking that question into consideration, and if it had been raised necessarily they would have discussed the burner; the subject was never before them.

Chairman.] That is a matter for argument.

Mr. Serjeant Sargood.] I thought that was a reason why it should not be gone into now.

Chairman.] I can hardly say that.

Mr. Philbrick.] They have no power to raise the standard above 16-candle gas.

Mr. Richards.] I do not admit that.

Mr. Philbrick.] If our complaint is that what is called 16-candle gas now is not equal to 16-candle gas as intended by the Act, that objection would not apply.

Witness.] I say the claim of the companies for a larger amount than 3 s. 9 d., upon the plea of their furnishing 16-candle gas, was conceded by the Corporation under the belief that they would really have two more candles' illuminating power; but we find actually that it is not so; that it is simply by the test burner used by the company, one that is not possible to be used by the public generally, that this illuminating power is given; that it is apparent and not real.

881. That is to say, this very delicate burner gives rise to a process of combustion, which develops the gas so as to make it two candles better than it really is:—Yes. Here is a Report dealing with the question, wherein we had some communication with the late referees; this is the Report of the Committee, of which I am chairman, to the Corporation. It is a letter signed by Mr. Vernon Harcourt and Mr. Pole. "Sir,—In May 1873 we received a letter from the town clerk of the City, enclosing correspondence and papers with reference to the burner prescribed by our predecessors for testing the gas supplied to the City. The Gas Committee of the City appeared to be of opinion that the burner in question did not comply with the condition laid down in Section 43 of the City of London Gas Act of 1868; that it should be 'practicable for use by the consumer;' and we were requested to take the matter into consideration with a view to prescribing a burner that would comply with this condition. We have delayed replying to the above-named communication, partly to give extended time for the trial of the burner by the public, as shown by its sale, and also in order that some of our body might subject the burner to direct trial for household use under their own observation. We learn that to the present time upwards of 50,000 burners, similar to the test burners, have been sold to the public, and that the sale of them is increasing. The results of our own trials of the burner have been satisfactory. We are therefore of opinion that the burner does comply with the condition required by the Act, and we see no reason on this ground for disturbing the prescription of our predecessors. We have the honour to be, Sir, your obedient servants, A. Vernon Harcourt, William Pole." You will understand that this really is an answer in confirmation of our view, that it is not applicable for the consumers. When we are told that in some years (and these are state-

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ments which there is no mode of testing) 50,000 burners were sold to the public, what would be the number of burners required by the inhabitants of London? Some millions. I take it that this is a confirmation of our view that it is not applicable for the general use of the consumers.

Mr. G. Shaw.
2 June 1875.

Mr. Philbrick.] There is one other subject that I will ask you about, Mr. Newton told me that as representing the Metropolitan Board, they would not come into direct contact with the gas consumers themselves, but the communications to them would come through the vestries of the district boards, but as to the Corporation of the City of London, do complaints come to you personally from gas consumers?

Witness.] Yes, from the resolutions passed at the wardmotes throughout the City. These are brought as Petitions to the Court of Common Council, and the Council refers them to the Committee of which I am chairman.

882. Do you know personally of dissatisfaction amongst the consumers in the City?—There is no doubt that it is general and deep-seated throughout the whole City. In fact, the Act of 1868 is a complete disappointment. We have taken up the question since 1866, for the purpose of dealing with what we felt to be anomalies; and finding that we had failed in that, we took up the question in 1868, believing that we had secured something that would be of service until it was attempted to work it, and the whole thing has fallen through.

Cross-examined by Mr. Richards.

883. That is until you came to put into operation the revision clauses?—Until we came to work the Act; then we found it totally unworkable.

884. I am not affected by the Act of 1868, but the Act of 1869 is so nearly identical that I may say in what respect do you find it unworkable?—I talk of the City generally.

885. In what respect is it unworkable?—We find the gas was not as we expected.

885.* In what respect is the Act unworkable?—I told you it has given great dissatisfaction and great disappointment.

886. In what respect is it unworkable?—I may quote the letter from the Board of Trade, which is in evidence, that they consider it most unworkable.

887. What letter?—What we have just had furnished.

888. You said that the City from the first found it unworkable?—No, after the revisions.

889. Am I right in saying the revisions are the part of the Act that you object to?—I object to the revision clauses as well as the test burner applied for the purpose of giving what is an illusory illuminating power.

890. Is there anything else that you object to?—I am not aware that there is anything else.

891. I may take it that those two are your objections to the Act?—There is no doubt there was this question of amalgamation. I do not know whether it is affected by the Act, but we suffered much in the City by the amalgamation.

892. The gentlemen who settled the revision were arbitrators most impartially selected?—No doubt.

893. And very competent men?—No doubt.

894. Had the revision happened to go the other way, should you have objected to the revision clauses?—I do not know what you mean.

895. Supposing they said the companies were not entitled to raise the price?—It was simply that the consumers should have a fair price in the Bill. I believed that the Act of 1868 would work very well, but the result has been a disappointment.

896. A disappointment for the unsuccessful litigants?—I do not know that there are litigants in the matter.

897. To the unsuccessful party?—We have no special interest in this; we are only a public body representing the public.

898. When the Acts of 1868 and 1869 were passed, and those revision clauses were

Mr. G. Shaw.

3 June 1875.

were introduced, they were introduced, were they not, for the express object of enabling the companies to raise their price when the price of material rendered it impossible for them to make a dividend?—It was to meet any exigencies that might arise.

899. The first time it was tried, you, representing the consumers, were unsuccessful?—We adopted the revision clauses, believing they would work well.

900. The first time the revision clauses were put into operation you were unsuccessful?—Yes; for the reasons I have stated.

901. And you did not like it? Naturally not; because we found the heading of the Bill and of those clauses was totally different to what we expected.

902. It does sometimes happen that a defendant who gets damages against him does not like it?—It is not that at all.

903. As to the test burner, in neither of the revisions was any application made for an alteration of the illuminating power?—I do not think there was.

904. I know there was not?—Because we were precluded from going into that question.

905. Why so?—We had, in fact, come to the same conclusion as we have arrived at now, that although it was 14-candle gas, simply made 16 by the use of a special burner, we would accept it, and prevent any further tampering with the question by the introduction of other test burners.

906. Did you make to the Revision Commissioners any application for an alteration in the illuminating power?—We found it useless to do so; they have no power to touch it.

907. Did you?—No, we did not.

908. Mr. Brassey.] Supposing, in place of a great increase, there had been a great fall in the price of coal, how would the revision clauses have worked, in that case?—It would have been for the Commissioners then to have decided upon the matter, as there is no doubt they would have had the power of lowering the price of the gas.

909. Mr. Richards.] You would not have objected to the revision clauses then?—If we had found they were worked unfairly we should.

910. Supposing they had brought about a reduction in the price of gas, would you have objected to the revision clauses then?—We only desire that the revision clauses should work fairly.

911. If there had been a reduction in the price of gas, would you have objected?—No.

912. What should you have said as to the honesty of the gas companies if they had then objected?—It is not a question of honesty.

913. What should you have said as to the honesty of the gas companies if they had then objected; would not you have said that they were dishonest?—I do not think I should have said that they were dishonest.

914. Observe this; you say the Commissioners have no power to deal with the illuminating power?—We did not ask the question; the question was not raised before the Commissioners.

915. Then may I take it that if you did not propose any alteration of the illuminating power, you were content with the illuminating power as it stood?—Just so.

916. Are you aware that Commissioners have the power of dealing with the illuminating power?—That is a question that would be dealt with in the price of gas.

917. In Section 68 of the City of London Gas Act, 1868, I find this, "In fixing the illuminating power and price for any year, the Commissioners shall observe the following rules?"—That is so.

Mr. Philbrick.] It is clear they have jurisdiction over the illuminating power.

918. Mr. Richards.] There is precisely the same power in the Imperial Gas Act of 1869?—I am not dealing with the Imperial Gas Act.

919. I will read the 25th section: "If in the month of January 1871, or any subsequent year, application be made to the Board of Trade by the company or the

the Metropolitan Board of Works for the revision of the scale of illuminating power and price, the Board shall appoint not less than," so-and-so; so that there is obviously the power in the Revision Commissioners to revise the illuminating power as well as the price?—No doubt, in this way that they could have revised it by lessening our price, by the reduction of our illuminating power, but we felt that by that reduction we would almost have sent London into darkness.

920. And you might have raised the burner question if you chose before the revision Commissioners?

Mr. *Bristowe*.] That is as to the referee.

921. Mr. *Richards*.] Nevertheless, before the Revision Commissioners they could have had the illuminating power raised; the referees established the burners?—We had exhausted that question in the correspondence with the referees.

922. You have done nothing of the sort?—That is my opinion.

923. Then it is wrong?—That is your view of it.

924. What was to be done here was to discuss the question of altering the burners?—Yes.

925. What the Revision Commissioners can do is to deal with the illuminating power of their gas; that is a different thing from the test-burner?—It is very much connected with it.

926. I understand you complained that the burner was an improper one, and Messrs. Vernon Harcourt and William Pole say, "We learn that to the present time upwards of 50,000 burners similar to the test burners have been sold to the public, and that the sale of them is increasing. The results of our own trials of the burner have been satisfactory. We are therefore of opinion that the burner does comply with the condition required by the Act, and we see no reason on this ground for disturbing the prescription of our predecessors"?—Yes, but we have the evidence of our own senses, and we have also the evidence of the gas examiners upon that point.

927. You believe them instead of the gas referees?—I say that is a confirmation of our complaint.

928. In what way?—If it had been proper for the consumers, 100 times that number would have been sold.

929. Do you think that everybody who has a gas burner will alter the gas burner?—We say that it does not comply with the spirit of the Act, that it shall be such a burner as shall be convenient to the consumer.

930. The gas referees say that it does?—That is why we are here to-day.

931. Which is the best judge?—That is a matter of opinion.

932. Who is the constituted judge by the Act of Parliament, you or the gas referees?—It is open for any public body to open the question.

933. Which is the constituted judge?—The referees.

934. Mr. *Talbot*.] The Chartered Gas Company have the whole of the City of London now?—Yes.

935. And that is a change, is it not?—Yes.

936. How long have they had it?—The Bill for the amalgamation was in 1870.

937. Have you any information which enables you to form a judgment as to the difference in the illuminating power in those parts of the City which are now supplied by the Chartered Gas Company, and which formerly were not?—Yes; I had the opinion of Doctor Letheby in 1869.

938. Have you any means of forming a judgment from your own observation of the difference of the illuminating power now supplied in the parts of the City now under that company?—The effect of my experience is that the gas was not so good as it was before; not so high in illuminating power.

939. But the Chartered Gas Company supply gas at a higher illuminating power than the other companies, do not they?—Yes.

940. But the gas supplied is not so bright as the gas supplied by the other companies?—That is my opinion.

941. *Chairman*.] You were supplied by two companies with gas who professed to give 14 candles?—I was supplied by the Chartered Company before.

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Mr. G. Shaw.

3 June 1875.

Mr. G. Shaw.
2 June 1875.

942. The question of my honourable friend was upon the supposition that you were supplied before by a company which only gave 14 candles professedly, and are now supplied by a company professing to give 16 candles, though you find you get no advantage?—No.

943. Were you supplied before by a company which professed to give 14 candles?—Yes, by the Chartered Company.

944. Is it the fact that they have changed that, and whereas they did give 14 candles, they now profess to give 16?—Yes.

945. Mr. Talbot.] What I want also to ascertain is this, are you acquainted with any part of the City of London which is supplied by the Chartered Company, and which formerly was supplied by other gas companies?—I am not sure that I am.

946. Mr. Birley.] I want to ask a question about the system of revision with which you are very much dissatisfied; you appeared to be dissatisfied because the price of gas was raised, and you stated that you would not have been dissatisfied if the price of gas had been reduced; I wish to ask whether you think that system can be made practically to work so as to fix a fair price for the gas, and to ensure due economy and care in the production of gas by the respective companies?—Not, I think, as the revision clauses at present exist, and as they are interpreted. I do not think it is possible to make them workable for useful purposes.

947. Can the Commissioners ascertain whether the gas companies are carrying on their business with economy and care?—How can they?

948. I am asking you?—I do not see that they can, because they are not acquainted practically with the manufacture of gas, and it would require some person with that special knowledge.

949. Assuming the Commissioners were practically acquainted with it, could they ascertain that?—I am not aware.

950. Are you practically acquainted with it yourself?—I have great practical acquaintance with it.

951. Mr. Brassey.] I want to ask you whether you have tested the quality of the gas supplied on your own premises?—By the ordinary means of one's experience.

952. Merely by the eye?—Yes.

953. Without employing any instrument for the purpose?—I employed no instrument.

954. Is not a judgment given without the assistance of an instrument very imperfect?—Possibly it might be, but scarcely to the extent of two candles; besides it is so generally felt by many whom I know who have a strong impression about it.

Cross-examined by Mr. West.

955. Are you aware that under existing Acts of Parliament there is a daily testing of the illuminating power of the gas which is sold by the Chartered Gas Company, which sell their gas throughout the City of London?—I am perfectly aware of it; it is under my committee that it is done.

956. By your own officers?—Yes.

957. Have they ever made any complaint of the illuminating power of our gas?—There is no complaint of the gas not being up to the standard at present of 16 candles; but what I have stated, and will repeat, is that the 16 candles by the present test burner is not 14 candles by the testing system before used.

958. Although you appoint officers daily to test the illuminating power of gas supplied to you, have you ever made any complaint with regard to that illuminating power?—We have only complained to the referees.

959. Have you ever complained to the referees?—I think so.

960. If you have been living under this state of things for years, and complained bitterly of it, your officers must have made some complaint; there are enormously heavy penalties to be inflicted upon the Chartered Gas Company if they do not prove that their test power is up to the standard ordained by the Act of Parliament. Do you mean to say that you never knew of a single complaint?—Yes, I have known of complaints.

961. Give

Mr. G. Shaw.

3 June 1875.

961. Give them to me?—I have not the dates of those cases.

962. To-morrow morning can you give the complaints made, and the amount of penalties inflicted upon the Chartered Gas Company during the whole time that they have supplied the City?—I can bring whatever information I have got upon those matters; whether I can bring it in the way you want, I cannot say.

963. Surely the chairman would know whether these penalties have been enforced?—No, I do not.

964. Can you give a single instance of any penalties being sued for, or enforced against the Chartered Gas Company for not producing gas of a proper illuminating power?—I cannot give it now.

965. Under the Act of 1868?—No.

966. Are you not aware (you are the person who ought to know it) that the average illuminating power has always been considerably above the power which they are compelled to give under their Act of Parliament?—It has; I ought also to state —

967. With regard to the legislation of 1860, I understood the advantage you thought you would gain by that legislation, was that the streets would not be torn up and interfered with?—Yes.

968. Have not you gained the full advantage?—Yes.

969. Then you have gained all the advantage that you sought by the Act of 1860?—Not all the advantage.

970. What other advantages did you seek for, you did not mention any other?—Yes, I did; I said the expense incurred in the opening of streets, and laying of pipes, we were told would be considered in the price of gas to the consumer.

971. And it has been?—Yes, by raising it.

972. Not at all; it has diminished it; you do not mean to tell the Committee that if they had had to raise up the streets and lay down new mains, that that would have lowered the price of gas either to the consumer or seller?—The effect was that it did entirely away with competition, and established monopoly.

973. I do not deal with that?—That is the point.

974. That you may come to presently, and make a speech about; have you gained the advantage you sought for by the legislation of 1860, of having peace and quiet in the streets?—We have had peace and quiet; that is at the expense of the citizens. We have been precluded from having a healthy system of competition, which we think very desirable in all matters. This is a monopoly and it ought to be so regulated that the interests of both parties should be considered.

975. You say you have had the benefit of not having the streets broken up from time to time?—Yes.

976. With regard to proceedings before the Revision Commissioners. I have not yet heard what you complain of; ~~were not you~~ satisfied with the way in which they conducted the inquiry?—Quite satisfied, so far as they could inquire; but they were prevented from touching upon those points upon which we thought it most desirable that an inquiry should be made.

977. I want to know what the points are?—I have already said what they are.

978. I have not heard one point?—We were not permitted to inquire into the expenditure of capital or the raising of capital.

979. It was never intended that you should inquire into the matter, was it; that was a question which did not come within the Act. Now tell me another?—I have told you that the effect of the revision clauses had been to create general dissatisfaction in the City, and it has been so deep seated that it has induced the Corporation to assist in the promotion of this Bill.

980. I think you must have fallen into an error just now. I understood you to say that before the Commissioners you were shut out from going into the question of burners by the letter you received from the referees, which you read?—We were not prevented; we thought it useless under the circumstances.

981. This letter was not written until two years after both investigations. How could you have been prevented when you went before the Commissioners in March 1874, and July 1873, by the letter which was not written until the 7th July 1874?—That is the closing of a correspondence extending over a very

Mr. G. Shaw.

3 June 1875.

long time ; and if I had known that it would have been of service to you, I could have brought the whole correspondence.

982. These are perfectly different Commissioners ; how could you argue that you were prevented going before Mr. Rule and other Commissioners by the correspondence which you had with Commissioners subsequently appointed ?—I do not say that I was prevented.

983. What prevented you going before the referees ?—We complained to the referees, and that is the result, I say, of correspondence extending over a considerable time.

984. Confine yourself to the Commissioners who investigated the matter ; why were you prevented in the two long inquiries before the Commissioners from going into that only ground of complaint which you have made. Why did not you go into the question of burners ?—The only way we could touch the illuminating power so as to effect the price would have been by lessening the illuminating power, but we felt it was impossible to justify an application for any less illuminating power than was there stated.

985. It was in the consumers interest that you did not go into the question before the Commissioners ; it was never brought before them either by you or or anybody else ?—We could not agree to any decrease of illuminating power.

986. Was it brought before the Commissioners, or were they asked to adjudicate upon the question of the burners ?—No, because we decided in Committee, not to do so.

Friday, 4th June 1875.

MEMBERS PRESENT:

Mr. Bristowe.
Mr. John G. Talbot.

Mr. Birley.
Mr. Thomas Brassey.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

Mr. George Shaw, re-called; cross-examined by Mr. Venables.

987. I wish to ask you a question for the Commercial Company, and I refer you to your answer to Question 891. There you are asked this question: "I may take it that those two are your objections to the Act?" Then your answer to that is: "There is no doubt there was this question of amalgamation; I do not know whether it is affected by the Act, but we suffered much in the City by amalgamation." I want to ask whether you mean by the actual amalgamation, or did you mean to express an opinion adverse to the principle of amalgamation generally?—So far as it affects the City, it has been against the interest of the consumers.

Mr. G. Shaw.
4 June 1875.

988. You mean in the particular case of the City?—Yes.

989. In what respect?—Because if the Great Central had not been amalgamated with the Chartered, there is no doubt that the citizens would have had gas at a much lower rate than they have had to pay for it since.

990. What you mean is that all or some of the companies which were amalgamated were paying more than 10 per cent., and consequently would have had to reduce their price?—In the case of the Great Central.

991. And, therefore, your remark was confined entirely to the operation of that particular amalgamation?—Quite so.

Re-examined by Mr. O'Hara.

992. You were asked yesterday about testing the gas. I believe your objection is to the situation of the place in which the gas is tested. Is that your main objection?—My objection is to the test burner, but I have also an objection to the position of the place in which the test is made.

993. Mr. Serjeant Sargood.] This does not arise out of any cross-examination?—It will be furnished in evidence that will come before the Committee, and we have reason to know that the illuminating power of gas in districts throughout the City, besides where these appointed stations are, is not up to the illumination as returned by the gas examiners, and that is the reason why we have asked in our Bill that the testing-places shall be in the district where the gas is consumed.

994. As to the complaints you made to the referees, you were asked some questions yesterday whether you gave some information as to those complaints?—I was asked as to whether the Corporation had made any complaints in reference to the Company's Act of 1868. I stated that complaint had been made with reference to the illuminating power. I find that I was in error in that matter, but it was so much mixed up with the other that there is a very good reason for the mistake.

995. Mr. West.] I quite understood that to be withdrawn?—I referred to the letter written by the referees, and, with the permission of the Committee, I will read one of the letters which was written from the Board of Trade on the matter, dated 3rd August 1871: "Sir,—The gas referees have the honour to acknowledge the receipt of the letter forwarded by you." (I read this because an objection was raised that we could not have been dissatisfied, because of the letter being dated subsequent to the revision.) "Sir,—The Gas Referees have the honour to acknow-

Mr. G. Shaw.
4 June 1875.

ledge the receipt of a letter forwarded to them by you on the 31st ult., from the Corporation of the City of London, complaining of the increase in the amount of sulphur in the gas supplied to the City, and urging that the Referees should at once prescribe a maximum for the sulphur compounds other than the sulphuretted hydrogen, any transgression of which renders the gas companies liable to a penalty of 50 l. per day. The facts of the case, as already laid before the Board of Trade by the Referees, amply substantiate the complaint of the Corporation as to the recent increase of sulphur in gas supplied to the City. The increase is entirely due to the gas manufactured at Beckton, which works have wholly superseded those at Brick Lane and Curtain Road (now closed), and also supply gas to a large extent to the Blackfriars works, and to some extent to those at Westminster. The gas manufactured at the Westminster and Blackfriars works contains no more sulphur than it used to do, but the gas issued from the latter of those works being largely intermixed with gas from Beckton, contains a greater amount of sulphur impurity than before. As the Referees have previously informed you, the process of sulphur purification adopted at the New Beckton works has proved a failure; it is only justice to say that the Chartered Company have spared no expense in order to make the purifying processes at these works as perfect as possible; and it was confidently expected by the able chief engineer of the company, that the extent and character of the processes of sulphur purification adopted at Beckton would render the gas made at those works much more free from this impurity than the gas from any other works. The failure of the sulphur purification at Beckton is ascribable solely to the little knowledge that has hitherto been attained in connection with this part of the work of purification." The letter is signed T. Foster, and addressed to W. R. Malcolm, Railway and Gas Department, Board of Trade.

996. Mr. O'Hara.] Your objection to the present mode of testing is that the testing is not in the district where the gas is consumed?—That is so.

997. *Chairman.*] I have one question to ask you. I do not want to enter into other Bills, but I want to ask this question; has the City anything to do with the Commercial Gas Company?—Nothing at all.

Mr. Philbrick.] Mr. Newton yesterday in cross-examination was asked a question about the estimate for coal put before the Commissioners, and he said he would refer to the passage if he could find it; it is on page 265 of the memorandum of the Commissioners, on the Chartered Company's application in 1874. It is paragraph F, "Expenditure for Coal. Out of the total quantity of coal required in 1874 (in addition to that in stock on 1st January) to produce the quantity of gas for sale as estimated by the company, namely, 428,201 tons, the company had at the beginning of 1874 left 74,185 tons only uncontracted for. Having regard to the facts that the price of coal during 1873 was considerably above the average price of the preceding period of seven years and was continuously falling throughout the year, and to other considerations, we think that with due care and management the company would have left a larger proportion of the required coal uncontracted for, and would thereby, in the events which have happened, have saved for the consumers a considerable sum. We accordingly deduct a sum from the company's estimated outlay for coal in 1874; or in other words, in arriving at the price of gas, we disallow that sum as an outgoing company. We also put on the quantity of coal left uncontracted for a somewhat lower price than that estimated by the company."

Mr. Serjeant Sargood.] Is this to show that they could not entertain the question of due care and management?

Mr. Philbrick.] It applies to that. Then there was one other matter which I understood the Committee asked for; that was if we could give as far as possible the population of the districts served; we have taken the census on the returns of 1871, but as the gas companies' districts are not quite co-extensive with the parishes, we have been obliged to estimate them as well as we possibly can, and therefore, though it is believed to be accurate, it is to some extent a matter of estimate. If my learned friends who represent the companies have accurate figures, we shall be very glad that they

they should be put before the Committee instead of these, but this is the best we can do upon the evidence before us.

Mr. G. Shaw.

4 June 1875.

Mr. George Thomas Livesey, sworn ; Examined by Mr. Philbrick.

Mr. G. T. Livesey.

998. You are the Engineer and also the Secretary of the South Metropolitan Gas Company?—I am.

999. And you are a member of the Institute of Civil Engineers?—Yes.

1000. And you also have been President, I think, of the British Association of Gas Managers?—I was so last year.

1001. Have you had considerable experience in the manufacture of gas, and directed considerable attention to the various improvements that have been made from time to time in the manufacture?—That has been the entire work of my life.

1002. I believe your father before you held the position which you now hold at the South Metropolitan?—My father was secretary for 30 years.

1003. And you and your family, I believe, are pretty largely interested in the undertaking of the South Metropolitan?—Yes.

1004. That particular company supplies the district which is marked with the darker green colour?—The dark green colour in the centre.

1005. South of the Thames?—Yes.

1006. Is there anything exceptional in the circumstances of your company, or in the Act under which it was created, or in the district you supply, which renders your company an unfair company to take as a sample of the London companies?—Nothing exceptionally favourable.

1007. Are there large portions of your district somewhat sparsely planted with houses at this moment?—There are.

1008. Where your mains and standing plant are not earning so much as in the better portions of the district?—Certainly not.

1009. In Streatham, and about there, and Camberwell?—Yes.

1010. Can you give us the price of gas, and the dividend of your company during the last 10 years, say, since 1864?—The dividends have been at a uniform rate of 10 per cent. all the time. The price was 4 s. in 1864, and it was reduced to 3 s. 8 d. in that year. Then it was reduced to 3 s. 4 d. in 1865, to 3 s. 2 d. in 1869, and to 3 s. in 1872, all without meter rents.

1011. And during the whole 10 years since 1864, the company has earned and has paid its 10 per cent. to the shareholders?—It has not earned 10 per cent. during the last two years; but it has paid it.

1012. And since 1865 the price has never been higher than 3 s. 4 d.?—No.

1013. And has been reduced continuously from 3 s. 4 d. to 3 s. 2 d. down to the figure of 3 s., at which it stands at this moment?—That is the price now.

1014. I will ask you to explain those years particularly in a minute; but in 1872 and 1873, when the exceptional circumstances of the coal supply occurred, the company did not increase its price to the consumers?—No.

1015. Your prices also include the meter rent; that is to say, no separate charge is made for meter rent?—No charge whatever is made for meter rent.

1016. Assuming a charge to be made, what would be the price?—I calculate that the meter rent is equal to 1 d. or 1½ d. per 1,000 feet.

1017. I ought, for the purposes of comparison, to ask you this: What quality of gas are you bound to supply under your Act?—Under our Act of 1869, the quality is fixed at 14 candles.

1018. That is a statutory minimum?—Yes, 14 candles is the minimum.

1019. But, as a matter of fact, with regard to the working of the company in respect to illuminating power, how much have you given the consumers?—By the new burner fixed by the referees the average illuminating power has been a trifle in excess of 16 candles; say 16 candles.

1020. Say a good 16 candles?—Yes, during all last year it was so; it was occasionally under, but the average was well over it.

1021. In the year 1872 the companies first felt the shortness of the supply of coal, which commenced in 1871?—The pressure began in the last months of 1871, but it was not really felt until 1872. In the spring of 1872 our contract for coal was made, at an advance of 2 s. 6 d. a ton, free on board in the Tyne.

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1022. And

Mr. G. T. Livesey.

4 June 1875.

1022. And in 1873 the coal panic was at its height, was it not?—One thousand eight hundred and seventy-three, in my experience, was the worst year.

1023. In 1874, the year that has concluded, what was it?—In 1874, the year that has concluded, while coal went down to some extent, coke also went down in a greater proportion; so that our profits were not quite so good in 1874 as in 1873, but coal was at its highest price in 1873.

1024. Your company has revision clauses, I believe, under its Act?—It has.

1025. Your company has never applied to the Board of Trade for an increase of price above the maximum, has it?—No, and never will, if we can help it.

1026. Your maximum is fixed at 3 s. 6 d., is it not?—At 3 s. 6 d.

1027. Practically, you are under the Act of 1868 as to all these portions of the matter?—Yes, it is the Act of 1869.

1028. Your own Act is in 1869, but as to revision, it embodies the clauses in the Act of 1868: they are copied from it?—Yes.

1029. Have you, as a gas engineer, holding the position you do, watched the operation of the revision clauses?—I have done so very closely.

1030. And you have been a witness more than once before the Commissioners?—Twice; last year I was officially summoned by the Commissioners themselves.

1031. You were not called by the parties appearing before them, but were called to give information to the Commissioners which they desired?—Yes.

1032. Will you explain to the Committee, in your own way, what your judgment, as a practical man, on the working of the revision clauses is, how far they affect the companies; how they affect the consumers, and what your judgment on the matter is?—I consider that the revision clauses absolutely protect the companies against all losses of trade or losses arising from carelessness, or neglect of management, and that they do not protect the consumers in any way whatever, and that the phrase “due care and management,” as carried out by the revision clauses, is a perfect myth.

1033. Intimately acquainted as you are with the manufacture of gas and with the mode in which you would scrutinize the manufacture, or the trading and working of the company, is it, in your judgment, possible that any public authority could scrutinize the working of the company efficiently, so as to put their finger upon the blot, if there be an absence of due care and management?—My opinion is that it is not in any way in the power of the Commissioners to control expenditure, and that they cannot put their finger upon the blot.

1034. Mr. Birley.] Will you explain what you mean by “expenditure”?—The money expended in the management of the concern. The Commissioners must accept the management of the company.

1035. Mr. Philbrick.] Supposing that the function of the Commissioners be as the Statute suggests, to allocate the sum which must ensure the maximum dividend, in your judgment, what protection has the consumer?—I agree with what Mr. Newton said—none at all.

1036. In fixing the price of gas there are two or three matters, of course, to be considered; first of all, what I may call the manufacturing part of it, in which the price of coals and iron, and the commodities used, largely enters; labour and so forth?—Yes.

1037. There also is the mode in which the works are disposed; the modern appliances brought to bear, and the care and management used in the application of the process?—Certainly.

1038. There is the mode in which you get rid of your residuals?—Yes.

1039. You contract for your coals on the one hand, and dispose of your outgoing products on the other?—Yes.

1040. And they enter into the manufacturing part, I suppose?—Undoubtedly.

1041. There is another very important matter, capital?—Yes.

1042. And the mode in which the financial business of the company is regulated?—Certainly.

1043. Having regard to these matters which are component elements in the price which the gas costs the company before it leaves their works, what way or plan would you adopt for protection to the consumers, and at the same time give the company a fair protection?—I am thoroughly persuaded that the only satisfactory plan would be to make it to the interest of the company to do the

best

best they can for the consumers, that no regulation of any kind would be effective; but were it distinctly the direct interest of the company to serve the consumer, then the consumer would be well served.

Mr. G. T. Livesey.

4 June 1875.

1044. If I gather your view right, your opinion is that nothing that authorises the interference of a third body, whether a local authority or the Commissioners, or anybody else, with the internal working of the company, could be satisfactory or useful?—It is of no use really.

1045. You must leave the manufacturer to carry out his own concerns?—And hold him responsible.

1046. In other words, judge him by his results?—Yes.

1047. Are you willing to be judged by your results, the South Metropolitan Company?—I wish to be.

1048. If you make it the common interest of both that those results should be such as only to ensure to the company a fair amount of protection, and permit them to earn their money, you would also strive to make it consistent with the lowest price at which gas could be supplied?—I would.

1049. Is that the true interest both of the company and of the consumer, do you think?—I do.

1050. To produce the gas at the lowest remunerative amount?—Undoubtedly.

1051. How would you attain that object do you think?—I made a statement last year which explains the principle clearly, I think. I would attain the object by means of a sliding scale. I would let the dividend depend upon the price charged for the gas. I made this statement in my address to the British Association of Gas Managers. There are a few remarks on our legislation which, I daresay you would like to see.

1052. Will you read the passage that you refer to?—It is on page 13; it is as follows: "This brings me to a consideration of the London Acts of 1868 and 1869, under which the Imperial Company has obtained permission to charge during the present year 4 s. 8 d. per 1,000, for 14 nominal, really 16-candle gas; and the Gas-light Company 5 s. for gas of 16 nominal, really 17-candle power, the Parliamentary limit of price with both companies having been 3 s. 9 d. per 1,000 feet. The Acts of Parliament that have produced or permitted this result were founded on the celebrated resolutions of the Committee over which Lord, then Mr. Cardwell presided, in which the words 'due care and management,' as entitling the companies to their full dividends, were introduced solely for the purpose of protecting the consumers against excessive charges. The position in which you have placed me is one that compels me to endeavour to look at these matters in an impartial spirit, and should I be charged with making statements, or expressing opinions, apparently adverse to our special interest, I shall contend that the interests of gas companies are so closely bound up with the interests of their customers, that the two are really identical; it is now universally admitted that the supply of gas must be a monopoly, of which we are the fortunate possessors, but the objections to all monopolies are so great that nothing but necessity can justify them; it is therefore of the utmost importance, if we would retain our position, that our customers should be satisfied, which I unhesitatingly contend is possible of attainment. There are, and always will be, here and there, discontented persons always ready to find fault, and to take advantage, but the heart of the British public is in the main right, and just dealing will be appreciated; now the system inaugurated by those Acts of Parliament referred to has fostered the idea on the part of the gas companies that come what may, they at least are to be protected, and that under any circumstances they are to be guaranteed their full dividends."

1053. *Chairman (to the Witness).*] Do you abide by every word that you say here?—I abide by every word; "The system was founded on a principle of justice; gas companies are limited as to dividend; they are also limited as to the price they may charge, and it was felt that circumstances might arise, as they have arisen, under which those limitations would press with peculiar hardship; but this plan, while protecting most fully the gas companies, has outraged the sense of justice of their customers, and has, therefore, produced results that may be disastrous to both parties. The revision clauses of these Acts of Parliament, practically say to the gas companies, 'you may call up and spend your capital as lavishly

Mr. G. T. Livesey.

4 June 1875.

lavishly as you please, and if your price will not enable you to pay your full dividends, you can apply to the Board of Trade, who will appoint Commissioners who must authorise you to raise the price sufficiently to cover the deficiency,' and the same applied to management. Let me carefully guard myself against the thought that I am saying, or wish to say one word against the gas companies, or anyone connected with them. I do not say either that capital expenditure has been excessive, or that management expenses have been extravagant; all that I say is, that the present system is a direct incentive in that direction, and that it takes away all motive or encouragement to economise, and may thus be in the end productive of great injury to all concerned. It is precisely in the opposite direction that the law regulating gas companies should act. It ought to be possible to frame a scheme, to be embodied in a general Act, that should cause the interests of gas companies, and their customers, to run side by side; to make the consumers, in a sense, partners in the gas company, whereby both should participate in any improved or more economical working, giving the companies a slightly increased dividend for every reduction in price below a certain minimum standard, and, to be perfectly fair, the companies would have to submit to a reduction of dividend if their price exceeded a maximum limit." Here is a portion that I merely mention as suggestive. I do not adhere to this exactly.

1054. Perhaps you had better not proceed?—I adhere to the principle, but not to the figures.

1055. Mr. *Philbrick*.] You were speaking then advisedly, and in your position as President of the Association of Gas Managers, to an audience which was skilled in the manufacture of gas?—It was, undoubtedly.

1056. And you were expressing views upon the subject of a manufacture known to them as well as to you, which had been the result of your experience and judgment, as applied to the subject?—It was so.

1057. At that time, when you made those remarks to the association, you had not seen or known of the present Bill which is before the Committee; it was not in existence?—Of course not.

1058. Have you seen the present Bill as it is amended on the part of the Metropolitan Board of Works and the Corporation?—I have.

1059. What do you say, first of all, as to the clauses of the Bill; first, as to price; in Clause 6, a price of 3*s.* 9*d.* is proposed; would the 3*s.* 9*d.* price in no event permit of the companies earning the maximum dividend, which, by Act of Parliament, they are now in a position to earn?—I think the local authorities, in fixing 3*s.* 9*d.* in their Bill, have dealt in a spirit of great fairness to the companies.

1060. *Chairman*.] It would be 3*d.* above your present maximum, would it not?—But it is a higher illuminating power; ours is 14 candles, at 3*s.* 6*d.*

1061. Would that be corresponding to your price for the 14 candles?—I consider that it would.

1062. Mr. *Birley*.] Does 3*s.* 9*d.* include the meterage charge?—Yes.

1063. Mr. *Bristowe*.] There is nothing said about the meter charge?—All the companies would be able to charge for meters.

1064. Over and above the 3*s.* 9*d.*?—Yes.

1065. Mr. *Philbrick*.] That 3*s.* 9*d.* would be 9*d.* more than you are charging for gas which, as I understand, does in effect average a good 16 candles?—Ninepence more than we are charging, but not 9*d.* more than it cost us to make it last year.

1066. So that it would be 6*d.* more?—Yes, that would be so.

1067. Would there be any difficulty in the London companies making and selling gas at 3*s.* 9*d.* to the consumers, so as to pay their shareholders the dividend which by law they can pay, to the full extent?—I think they ought to be able to do it.

1068. Assuming that they managed their works well?—Yes; I do not assume that they have managed their works badly.

1069. It always underlies the whole of the evidence to assume that?—Yes.

1070. Have

Mr. G. T. Livesey.

4 June 1875.

1070. Have you a detailed statement as to the cost of gas per thousand feet? —The best answer that I can give to that is to give the cost to my own company during the past four years.

1071. You prefer to state the actual facts?—I prefer to state actual facts; I take 1871 as a normal year.

Mr. Serjeant *Sargood*.] May I venture to ask you whether it is the intention of this Committee now to review the question of the price at which gas can be manufactured, seeing that the initial figure in the present Bill does not vary the initial figure of 1868, because it is right that I should caution you that if we are to go into this question it will be a fortnight's inquiry.

Chairman.] I cannot see any reason for stopping this question.

Mr. Serjeant *Sargood*.] We have no objection; I wanted simply to ask whether you intended to go into it.

1072. Mr. *Philbrick* (to the *Witness*).] Will you proceed?—In 1871, that is a year unaffected by the coal, and with coke at the old ordinary rates, it cost us by Mr. Field's book 1 s. 11½ d. per 1,000 feet to make the gas; that is inclusive of all charges, and after allowing for the sale of residuals.

1073. That is the net cost of the manufacture of gas?—The net cost in 1871.

1074. Before the disturbance with regard to the price of coal?—Yes; perhaps I had better put it in this way. In 1871 the coal cost us 14 s. 2 d. per ton, and the gas was made for 1 s. 11½ d. per 1,000 feet. In 1872 coal cost us 16 s. 7 d., and the gas was made for 2 s. 0½ d. per 1,000 feet. In 1873 coal cost us 24 s. 10 d., and the gas was made for 2 s. 1½ d. per 1,000 feet. In 1874 the coal cost us 20 s. 7 d., and the cost of gas was 2 s. 2½ d. per 1,000 feet; that is, per 1,000 feet sold.

1075. So that in the cost you have included leakage, and all unaccounted for gas?—Everything.

1076. And it is upon those figures that the company would earn its dividends?—Yes.

1077. Then let me ask you this question; those figures you have given the Committee as the cost of manufacture, do not include anything for dividend?—No, inclusive of everything except dividend.

1078. *Chairman*.] Does it include the cost of distribution?—Everything.

1079. Mr. *Philbrick*.] If you add dividend, you would have got everything which you could charge on the revision?—Everything we could charge to the consumers if we add the dividend to the prices given.

1080. Your dividend comes to something under 1 s.?—In 1871 it was 11½ d., in 1872 it was 11½ d. in 1873 11½ d., and in 1874, 11½ d.

1081. That would necessarily vary the capital?—Between 11 d. and 1 s. is quite safe; that is per 1,000 feet sold.

1082. Those prices being added to that, if you were to charge, as you have power to charge, up to the maximum, the difference would be what?—Another 6 d.; it would have been another 4 d. last year, because it cost us a little over 3 s. 2 d.

1083. The whole of that capital on which you calculate that dividend, that which causes the 11½ d., is a 10 per cent capital?—Every penny of it

1084. You have no money raised by loans at a less amount?—No, we never have had.

1085. So that you have been working with a charge to be made good of 10 per cent. on all the money embarked in the manufacture of gas?—It is so.

1086. As I understand, there is nothing exceptional; you had to draw in 1873 upon your reserve fund to some extent?—We drew about 5,000 l. in 1873, and about 6,000 l. in 1874; 1½ d. in 1873 on the price would have given us full dividend, and about 2½ d. in 1874 would have done the same.

1087. The price in 1873, being what?—Three shillings.

1088. *Chairman*.] What was it in 1874?—Three shillings.

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1089. All

Mr. G. T. Liversy. 1089. All through the high price of coal you have kept at 3 s. ?—We really reduced 2 d. after the coal began to go up.

4 June 1875.

1090. **Mr. Brassey.]** And you have adhered to the 3 s. since 1872 ?—Yes.

1091. **Mr. Philbrick.]** Though you had power of putting up your price, you preferred not to do it ?—We could not do it with the reserve we have.

1092. **Chairman.]** What was the reserve ?—I will be perfectly unreserved ; we had our reserve fund made up fully in 1863 to 20,000 l. ; from that date, notwithstanding the reductions, a small balance accumulated year by year.

1093. What was your price in 1863 ?—Four shillings. We reduced it to 3 s. 8 d. in 1864 ; we found with our reserve fund of 20,000 l. we were still accumulating, and the price was reduced 4 d. in 1864 to prevent further accumulation ; but the elasticity of the business rather exceeded the reduction, and so there was a slight accumulation in the following years, until in 1872 we had 17,000 l. in excess of our reserve fund over what we had any right to have. We therefore reduced the price 2 d. after the coal had gone up 2 s. 6 d. a ton, in order to absorb the 17,000 l. If coke had not realised a much higher price than we expected, the 17,000 l. would almost have all gone in that year ; as it was, 5,000 l. went in 1873, and 6,000 l. in 1874, and we have about 5,000 l. left now.

1094. **Mr. Philbrick.]** That has practically tided you over ; are you making and selling gas at this moment at a remunerative rate, with your price of 3 s. ?—I think this year we shall come out about level with 3 s.

1095. Not having reason to draw anything in aid of dividend ?—No.

1096. **Mr. Talbot.]** You put a lower price in order to absorb the surplus over the reserve fund ?—Yes.

1097. You will not be able to retain the lower price when you have absorbed it ?—We are this year making our dividend at the 3 s. price.

1098. **Mr. Brassey.]** The price of coals has fallen, and has enabled you to do it ?—Yes.

1099. **Mr. Bristowe.]** Leaving the Parliamentary reserve fund untouched ?—Yes.

1100. **Mr. Philbrick.]** When you came in under the Act of 1869, were you allowed a reserve fund ?—We were allowed to retain what we then held.

1101. But not to put any further moneys to it ?—No.

1102. So that your reserve fund once gone is gone for ever ?—I imagine we are under the same conditions as the Imperial. If we draw from that reserve fund of 20,000 l., we may fill it up to the 20,000 l. again.

1103. **Chairman.]** What I understand to be your present position is this ; that whereas you had 17,000 l. surplus over your 20,000 l., that 17,000 l. surplus has now disappeared, leaving you with just your 20,000 l. ?—There is 5,000 l. left.

1104. £. 5,000 above your 20,000 l. ?—Yes ; and that will pay the cost of this inquiry.

1105. **Mr. Philbrick.]** And that 5,000 l., if it once goes, can never be replaced ?—No.

1106. **Mr. Brassey.]** And if you have to encroach upon your reserve fund of 20,000 l., you may then raise the price of gas ?—Yes, I believe so, certainly.

Mr. Cripps.] In order that there may be no mistake about that matter, I will state this fact ; that by the legislation of 1869, although they might have gone on dipping into the rest of that reserve fund as long as they had it, they had no power of recouping the reserve fund again when it is gone ; they have an insurance fund for other purposes, such as extra care cannot prevent, but the reserve fund, if once gone, cannot be restored again.

Chairman.] This evidence is valuable to us, as showing the result of due care and management.

Witness.] I read that clause differently to Mr. Cripps. The Act says this ; it is a long clause, but in the end it is provided that it "shall not be lawful

lawful for the company to set aside any profits for the purpose of forming an insurance fund until the reserve fund which they have created by virtue of the Acts relating to the company has been reduced below a sum equal to one-twentieth part of the paid-up capital of the company; but such reserve fund shall, in the meanwhile, be applicable to the purposes for which it is formed, and also or the purposes of an insurance fund."

Mr. G. T. Livesey.

4 June 1875.

1107-8. Mr. *Philbrick*.] So that when it comes to that limit it will become an insurance fund. One understands enough about the manufacture of gas to see that the price and the illuminating power depend mutually upon each other. You have spoken about the price; of course, you have considered the 16 candles, with reference to your answer, proposed by this Bill?—Not exactly.

1109. Will you be kind enough to explain your view upon that subject, of the raising of the standard so as to make a level 16 candles throughout the metropolis?—Practically, if you fix the minimum at 16 candles and subject the companies to penalties if their gas is below that minimum, you practically compel them to give something like $17\frac{1}{4}$ candles; there must be a margin of safety. Now, my objection to that 16-candle minimum is quite as much in the interests of the consumers as in the interests of the companies. In order to secure that margin of safety, a considerable proportion, a varying proportion, of cannel coal must be used. This cannel is not only expensive but it is difficult to obtain, and it spoils the coke. The use of it will increase the cost of gas much more than the value of half a candle obtained by its means.

1110. In your working, when you are giving a good 16 candles, what proportion of cannel do you use, if any?—Last year we used none at all.

1111. You got it all out of Newcastle coal?—Practically we did use once or twice a little cannel, but very little, for exceptional purposes. I have the returns of the official testing during the last year. In the first quarter of the last year our maximum quality in one day was $17\frac{1}{4}$ candles, minimum $14\frac{1}{4}$; in that quarter the average was $16\frac{1}{4}$. In the June quarter, $17\cdot4$ maximum, minimum $15\cdot3$; the average being $16\frac{1}{4}$. In the September quarter, $17\cdot4$ maximum; $15\cdot8$ minimum; $16\frac{1}{4}$ average. In the December quarter, $17\cdot4$ maximum, $15\cdot3$ minimum; average $16\frac{1}{4}$.

1112. That is the worst quarter, I believe, for you; when you are under most difficulties in the management, is the last quarter?—Yes.

1113. *Chairman*.] This is from Dr. Letheby's report?—Yes, from testings by one of the officers of the Metropolitan Board.

1114. Mr. *Talbot*.] Do you find more difficulty in the delivery of gas at one time of the year than another?—In severe frosts we find a difficulty in keeping up the illuminating power.

1115. That might be equally after Christmas as before?—Yes.

1116. Mr. *Philbrick*.] As a rule that quarter is the worst; but if the frost occurred in the spring quarter, it would apply then?—Yes, it would.

1117. That is one of the contingencies to which a gas manufacturer is subject?—Yes.

1118. With reference to our question of the illuminating power of at least 16 candles, do you think there is any difficulty in securing that?—I should agree to a minimum of 16 candles, with some alteration of the Clause as to penalty.

1119. Let me see that I follow you; do the Committee understand, not that the 16 candles is in itself too high a power to send to the consumers, but you would moderate that by some tempering of the penalty clause?—I would.

1120. You would not think that if the penalty clause is properly modified, 16 candles is too high a standard?—Certainly not; but I do not think it would be fair to the gas companies to expose them to penalty for half a candle below 16, if by accident they went down to that.

1121. Mr. *Philbrick*.] You are aware that the 98th Clause proposes to re-enact the existing law, that no forfeiture shall be incurred where it is certified by the chief gas examiner that the defect in power, impurity, or insufficient pressure was occasioned by unavoidable cause or accident, which would provide for frost or anything of that kind?—Not quite.

1122. What would you suggest to the Committee as a modification of it,

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K 2

Which

Mr. G. T. Livesey.

4 June 1875.

which you think would be the right one in the interests of the company?—In the interests of common fairness I should put it in this way.

1123. The 35th Clause is the one putting you under forfeiture, and the 38th Clause is the one securing that accidental circumstances shall not entail forfeiture?—I should alter the 35th Clause this way; I should say for each candle defective power, instead of each half candle.

1124. So that if it was not a defect amounting to a whole candle you would not attach a penalty?—That is what it would practically come out to.

1125. Perhaps it is more for the information of us all than anything else, let me ask you this; the way in which the gas is tested is by making the shadows impinge on the screen of the photometer?—I have here a disc that is used for testing the gas. This is simply a piece of blotting paper saturated with spermaceti except the spot in the centre. This screen is placed between the two lights to be tested, gas on one side and candles on the other; I should say that the colour of the light from gas is not quite the same as it is from candles. You move this disc until the spot in the centre becomes imperceptible from both sides. In my experience it depends, to some extent, upon the eyesight of the operator; it depends to some extent upon his experience, and I do not think it is possible to say, with an absolute certainty, what is the quality of gas within half a candle.

1126. Not with the same certainty that a chemist would weigh the product in the scales?—Certainly not; it is not the exact thing.

1127. Mr. Birley.] Surely it might be made so; you could easily construct an apparatus not liable to those divergences?—

1128. Chairman.] You cannot get any machine that will be entirely independent of the operator's eyesight?—No.

1129. Mr. Philbrick.] So that you would say, still give the 16 candles, but do not enforce the penalty unless there is a defect amounting to a whole candle?—That is my opinion; practically I would say that with such an arrangement the public would always get gas in excess of 16 candles. I think the local authorities ought to have the power, if upon any occasion it falls below the stipulated quality, of sending a remonstrance to the gas companies, and the feeling of the gas companies is so strong against being in default with respect to their illuminating power that they would avoid it if possible.

1130. Supposing there were a continuous deficiency in one case of, say three-fourths of a candle, or nine-tenths of a candle, what would you say?—I do not think it would be continuous.

1131. What security would you have?—You would not have any security under my proposition.

1132. Supposing you fixed the penalty, if it amounted to half a candle, at 40s. only, and in the other case it is a penalty depending upon the sale of gas which in your case would come to a large sum of money, what would you say?—If you took it at the rate of 20s. for every half candle, in our case it would come to nearly 50% a day.

1133. That would be double the value of the gas?—Yes.

1133.* Supposing you fixed an absolute penalty of 40s. for a defect of half a candle, what would you say to that?—I cannot say that it would be unfair; that is, if the deficiency was half a candle or more.

1134. But not a whole candle with a penalty of 40s.; with that modification you think 16 candles might be supplied?—I think so, certainly.

1135. You have taken an interest in this matter, and you know the capital under which the various London companies are working?—I do.

1136. Taking the several amounts they would require, do you still think with 16-candle gas at 3s. 9d. they ought to pay their full dividend?—I think they might very well.

1137. There are other matters connected with the manufacture of gas which it is fair I should ask you about. There is the question of impurity; the impurities of gas are sulphur compounds and ammonia?—The ammonia we can deal with, but as to the sulphur compounds, the fuss made about them has driven all the engineers of the London companies mad.

1138. You do not believe they are so bad as the gas referees think they are?—I do not know that the gas referees think they are so bad. They are bound to

to prescribe what they think the limit under which we can supply gas, but I do not think the sulphur compounds are injurious to health; they may be to brass-work.

Mr. G. T. Livesey.
4 June 1875.

1139. How would you deal with the question of sulphur?—In reference to the question of sulphur, I think it would be perfectly fair not to subject the companies to penalties except for default during a certain number of days, taking the average of a week. My reasons for this are as follows: In the first place, it is very difficult to test; it takes 24 hours to work out the test for these sulphur compounds, so that your gas may be bad to-day, and you do not know it until to-morrow, and you cannot rectify it until the day after.

1140. Until it is all past and gone?—It may be bad to-day, below the standard of purity, and to-morrow it may be the same, but you do not find it out until 24 hours after the defect has taken place; therefore, if you give an average of a week it would give us an opportunity to recover. Further, I do not think that an excess of sulphur during any one day, supposing it is within any reasonable limit, is noticeable or injurious in any way; really if you have 30 grains one day, and 20 grains another, its effect is practically the same as if you had 25 grains during two days; if you allowed an average of illuminating power in the same way, I say it would be positively injurious to the public to allow the gas companies to send out 12 candles one day, and 20 another, in order to make an average of 16 candles.

1141. *Chairman.*] The discolouring of the ceiling by gas, to what is that owing?—To the imperfect combustion of the gas by the burner.

1142. Not to the sulphur?—No, it is carbon or soot really on the ceiling.

1143. *Mr. Philbrick.*] Will you continue what you have to say about sulphur?—The average for illuminating power should not exceed one day; that would not be fair to the public, but the average for sulphur, extending over a week, would be perfectly fair to the public, and would not be so offensive to the gas companies, or rather to the engineers, because it is they who suffer all annoyance from it at the present time.

1144. *Chairman.*] When we feel that we have a reason to complain of the gas being what we consider dirty, what we ought to complain against is the burner, and not the gas?—In 99 cases out of 100.

1145. *Mr. Birley.*] I suppose the sulphur affects the burner very much?—Not the sulphur which you find in gas; 30 grains to 100 feet is only one thousandth part of the gas.

1146. *Mr. Bristowe.*] Then you object to Clause 19 of the Bill, if I understand you rightly, which provides that the gas shall be pure and free from sulphur?—That is sulphuretted hydrogen; that is an impurity we can deal with and test in five minutes.

1147. *Mr. Philbrick.*] That is a compound that ought not to go out?—Yes.

1148. In that particular form?—In that particular form.

1149. In the shape of sulphuretted hydrogen?—Sulphuretted hydrogen is a well-known impurity, and its chemical composition and the manner of dealing with it is known; the chemists have found out the sulphur compounds, but they have not told us what they are, or how to deal with them.

1150. The Bill proposes a standard burner which shall be a standard, and not subject to variation; what do you say to that?—The standard ought to be defined.

1151. It will not prejudice the use of a better burner, but it is a fixed standard?—What is wanted, I imagine, is that the public should get a fixed standard of quality, and then you could ascertain it by using a fixed and uniform standard test.

1152. Now as to Sugg's argand burner, which is the test now in use, and which the Bill proposes now; do you approve of that as a test burner?—You ought to use as a test burner that which is the most perfect and the best adapted for its purpose, and the most perfect burner attainable.

1153. Is that a burner which is, as a matter of fact, in general use among the public?—I use it in my own house, and with great satisfaction.

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1154. But

Mr. G. T. Livesey.
4 June 1875.

1154. But among your customers?—I am afraid that the expense prevents their being used at private houses largely.

1155. What do they cost?—I think about 6 s.

1156. At all events, the best burner, whatever it is, ensures gas of a certain quality passing on to the consumer?—Yes.

1157. If he burns it with a bad burner, that is not the company's fault?—No.

1158. If he burns it with a good burner, he makes the best use of the product you send him?—Yes.

1159. But whether he uses the best or the worst, he is a free agent?—If you use the standard burner as the test burner, it will not be at all of any consequence if it was not suitable for use by the consumer; it is simply for measuring the quality of the gas.

1160. Now as to the times of testing; what do you say as to that?—I think that the system enacted by the Acts of 1868 and 1869 is a fair one, that the testing of the gas should take place during the hours of greatest consumption; during the hours of the evening.

1161. You would allow it to be tested at any hour during that period?—During the prescribed hours, or during the 24 hours.

1162. During the 24 hours?—I have no objection to the gas being tested at any time.

1163. Probably the greatest period of consumption in your district would be between 6 and 12 in the evening?—Our district is a suburban one, and the greater period of consumption would be from sunset to about 10 or 11 at night.

1164. In the City of course it is different?—It is different there; in the City I should suppose it would be more in the afternoon.

1165. *Mr. Brassey.*] Have you reason to believe that the majority of your customers use a satisfactory burner?—No, I do not think that they do.

1166. Do you ever communicate with the gasfitters who carry on business in your district with a view of seeing that they supply a proper burner for the consumption of the gas that you supply?—It is one of the principal instructions of the inspectors, to give information everywhere where they have opportunity, about the burners to gasfitters and consumers also.

1167. Unless the burner is a proper burner, it is impossible to get a supply satisfactory to the consumer, is it not?—You either over burn the gas and do not get half the light you might obtain from it, or under burn it and get a quantity of smoke, with bad burners. Mr. Sugg has done a great deal to put that matter on a right basis.

1168. What is the price charged for the inferior burners which do not admit of the burning of gas in a satisfactory manner?—From one penny, upwards; a common fishtail can be bought at a few shillings a gross.

1169. *Mr. Philbrick.*] Those are the prices at which they are supplied to the ironmongers?—They often charge two shillings for a thing not worth two-pence.

1170. Now, as to pressure, will you explain the practical meaning and the result, of that?—In what way?

1171. First of all as it affects the burner?—The essence of burning gas to obtain the greatest amount of light from the smallest quantity of gas, is to burn it without any pressure at all at the point of ignition. Just as the gases or vapours that are produced from an oil lamp; they rise with the wick, and they rise without any pressure whatever, and if we can burn gas under those conditions, we get the maximum light.

1172. In order to get the gas to the point of ignition, some pressure is necessary from the works?—Undoubtedly.

1173. Have you seen the limit proposed to be put in this Bill?—I think you put eight-tenths; it is Clause 8. It should balance, from midnight to sunset, a column of water not less than six-tenths of an inch in height, and from sunset to midnight a column of water not less than one inch in height.

1174. What do you say to that?—I have no objection whatever to make to that; it is perfectly fair.

1175. At the present moment, are the conditions under which the gas companies

panies are manufacturing their gas more unfavourable than they were in 1869; *Mr. G. T. Liversy.*
first, as to coal?—Yes, coal is dearer than it was in 1869.

4 June 1875.

1176. To what extent?—About 3 s. a ton.

1177. As to the other prices involved in the manufacture of gas, has gas manufacture made great strides of improvement?—No very great improvement which would tend to cheapen the cost; but while coal costs us 3 s. a ton more than it did in 1869, the value of tar has increased so much that it yields us 2 s. per ton of coal more than it did in that year.

1178. Am I to gather that it practically works out a difference of 1 s.?—Yes, a difference of 1 s.

1179. As to the ammoniacal liquor, is that included in the tar?—No, it is not; that is an independent thing.

1180. Has there been any great increase in the price of it?—Not within the last five years. The ammoniacal liquor depends upon the price of sulphate of ammonia, which is of a fluctuating character. I have known it at 14 l. a ton, and I have known it at 10 l. a ton, and I have known it at 18 l. a ton, and 22 l. a ton.

1181. That is used chiefly as a chemical manure, is it not?—Yes; it is going down now.

1182. The market fluctuates?—Yes, the market fluctuates.

1183. Before those five years, the value of those products was comparatively small, was it not?—Ammonia has been fetching its value for ten years; tar was almost a drug in the market five years ago.

1184. And now what is it?—Five years ago it fetched a penny a gallon, and we thought it a good price; now we can get 3½ d. a gallon.

1185. Coke is the most important residual of gas?—Yes.

1186. *Chairman.*] Will you explain the way in which the price of coke affects the cost of gas?—We pay so much for our coal, and of the money expended on coal we get so much back by the sale of coke, thus diminishing the actual net cost of the coal.

1187. Gas coke is mainly used for what purpose?—It is used in London for domestic use amongst the poor, and it is also largely used for steam boilers. I can give the prices of coke in 1871; taking that as a normal year. The average price obtained for coke by us was 8 s. 5 d. per chaldron. In 1872, when coal began to rise in price, we realised 11 s. 2 d. per chaldron for coke.

1188. That is nearly 3 s. more?—Yes; in 1873 we realised 18 s. 8 d. per chaldron for coke, and in 1874 the price of coke went down again to 11 s. 2 d. per chaldron.

1189. Then during what you may call the very high prices of coal, am I not right in supposing that coke was proportionately even higher?—I can give the exact figures in my case; during the worst year of coal, we paid 10 s. a ton more than we did in 1871, and in that year coke realised just exactly 10 s. per chaldron more than it did in 1871.

1190. *Mr. Philbrick.*] A chaldron being two-thirds of a ton?—Yes; but I ought to explain, putting it shortly, that for every extra 100 l. paid for coal, we got 70 l. back for our coke.

1191. *Chairman.*] Putting it in per-centage, did you obtain a greater or smaller, or an equal per-centage of the cost back from the coke in 1872, than you did in the previous year?—We got a greater per-centage; but I ought to say that notwithstanding that we got a greater per-centage of the cost of the coal back in the sale of coke, still the actual amount of difference was greater in 1873 than it was in 1871.

1192. *Mr. Brassey.*] Can you say what you paid for coal in 1873, and what you obtained by the sale of coke in that year?—I can tell you per ton; we paid 24 s. 10 d. per ton for our coal, and we sold our coke for 18 s. 8 d. per chaldron.

1193. How many tons of coal did you buy, and how many chaldrons of coke did you sell?—For every 100 tons of coal that we bought, we sold 70 tons of coke.

1194. *Chairman.*] What was the final effect; the increase of price for coke was rather more than the increase of the price for coal, was it not?—Taking the

Mr. G. T. Livesey. original price of coke at 8 s., the increase to 18 s. was more in proportion than the increase of coal from 14 s. to 24 s.

4 June 1875.

1195. Therefore, whatever you lost in the additional price of coal to some extent was made up by the great increase in the price of coke?—To some extent.

1196. Mr. *Philbrick*.] To compare like things with like, 8 s. a chaldron leaves 12 s. a ton for coke, or rather more?—Yes.

1197. Eighteen shillings per chaldron means 17 s. a ton for coke?—Yes; something like that. I should like to make it clear. Supposing we paid 100 l. for a certain quantity of coal in 1871, and for our coke we received 50 l., that leaves us with a net cost of 50 l. for the coal. Supposing in 1873 we paid 200 l. for the coal, and that we got 125 l. for the coke, that left us a net cost of 75 l. for the coal, though we got a higher proportionate price for our coke.

1198. *Chairman*.] I do not mean to say that that compensated you for the higher price of coal, but it did to some extent lessen the weight of the rise?—Yes. I ought to say also that a ton of coal produces a chaldron of coke; but we use 30 per cent. of our coke for fuel, so that from every 100 tons of coal, though we produce 100 chaldrons of coke, we have only 70 chaldrons for sale.

1199. Do you sell anything but coke, gas tar, and ammoniacal liquor?—Nothing but old materials.

1200. Mr. *Richards*.] There is breeze?—Breeze is part of the coke.

1201. Mr. *Philbrick*.] Thirty per cent. of the coke is used in carbonising the coal in the retorts in the manufacture of gas?—Yes, I put it rather high, but it is near enough.

1202. Mr. *Brassey*.] What quantity of tar does 100 tons of coal produce?—Each ton produces close upon 10 gallons of tar.

1203. *Chairman*.] How much ammoniacal liquor does a ton of coal produce?—Each ton will produce about 21 gallons of ammoniacal liquor of 10-ounce strength.

Cross-examined by Mr. *Venables*.

1204. I do not propose for the Associated Companies to go into the question of clauses at all.

Chairman.] Which are the Associated Companies?

1205. Mr. *Venables*.] The Imperial, the Phoenix, the London, the South Metropolitan, the Surrey Consumers, and the Independent. (To the *Witness*.) Could you put the figures which you have been giving to the Committee in another form, and tell me what your net cost of coal was in those years; I mean the net cost after deducting all the residuals?—I have not those figures by me.

1206. Can you give it for 1873?—Mr. Field's book would give it. This would give it for 1873. "The net proceeds of coke, and other residuals, per cent. on cost of coal."

1207. You will find it on page 2. Is this right: "Net for coal, South Metropolitan"?—Yes, 8 s. 5 d. '29.

1208. Now let us look at 1869. I see that in 1869, which is before the price rose, the net price was 7 s. 2 d. '47?—I will accept those figures.

1209. Therefore, the result is, that as the price rises, the net cost rises also?—Yes. You say it was 7 s. 2 d. in 1869?

1210. Yes?—Yes. Then the net cost, in 1873, was 8 s. 5 d.; that is 1 s. 3 d. a ton rise.

1211-12. There is also a case of the cost of coke rising in a greater proportion than the cost of coal?—We never had a similar experience. I think the price of coke, in 1873, rose in greater proportion than the price of coal, because we had, to some extent, the benefit of the coal at the prices of 1872 in that year.

1213. That is to say, you were working under the contracts of 1872, and the coke was selling at the market price?—Yes.

1214. In 1874, the result to you, although the price of coal had fallen, seems to have been more unfavourable than it was in 1873?—It was. Mr. G. T. Livesey.

1215. The price of coke had fallen faster than the price of coal had?—Coke had fallen from 18 s. 8 d. to 11 s. 2 d., and coal had fallen from 24 s. 10 d. to 20 s. 7 d. 4 June 1875.

1216. Then when you compare the coal and coke in the same year, it is rather a misleading comparison, for the reason you have given, that the coal represents the contracts and the coke represents the market price of the day?—The coke represents the market price, but the low price of coke last year was an exceptional circumstance. It was owing to the idea of the companies, that by storing their coke in the winter they would be able to sell it at a much higher price in the summer; they stored immense quantities in the winter of 1873, and they were not able to sell it in 1874, except at very low rates.

1217. What kind of business is the principal customer for coke?—In the large companies I believe the cement makers take a great quantity. In the case of my own company, we sell it to anyone who comes.

1218. Yours is not so large a quantity as the larger companies have to deal with, on a larger scale?—No, it is not. The Chartered Company have suffered very much by being driven to Beckton.

1219. Is yours a particularly favourable district for selling coke?—I should say it was.

1220. Taking the cement manufacturers, of course the demand of the cement manufacturers would depend upon entirely different causes from those affecting the price of coal; it would depend upon the prosperity of this trade, would it not?—Yes, it would.

1221. *Chairman.*] Do you imagine that you get a larger price for your coke than is obtained by the companies generally throughout London?—A slightly larger price.

1222. About how much?—Perhaps 1 s. a chaldron.

1223. *Mr. Venables.*] I suppose the gas companies cannot always store all their coke; when they have filled whatever space they have applicable to storing coke, they must sell the coke at whatever they can get for it?—They must sell it, and it is their best policy to do so.

1224. They must sell it for whatever they can get?—Yes.

1225. When you say it is their best policy, it must depend upon whether it was a rising or falling price?—I have been in business for 25 years, and I have only known one single occasion on which it has answered to store coke.

1226. In 1874, your total cost was 3 s. 2 d.?—It cost us rather over 3 s. 2 d.

1227. Therefore that 2 d., and something over, was lost to you?—Yes.

1228. And you still kept some reserve fund?—We have still something left of that balance.

1229. If it had been exhausted, you would have had to reduce your dividend, or raise your price?—We should have dipped into the reserved fund.

1230. But your reserve fund cannot be replaced when it is once exhausted?—That 20,000 l. can be, as I read the Act, certainly.

1231. Then you differ from your counsel?—I have no counsel.

Mr. Cripps.] The Act of Parliament is very clear, when it is explained.

1232. *Mr. Venables.*] You assume that you can replace your reserve fund when exhausted?—I do, up to the 20,000 l.

1233. *Mr. Cripps.*] Do you assume that you can recoup that fund, and that still it shall remain a fund to which you can resort for making up your dividends?—I do.

Mr. Cripps.] Then I think you are wrong about the Act of Parliament; there is no question, up to a certain point, that you can recoup it.

1234. *Mr. Venables.*] You said that you were, I think, last year, invited by the Commissioners themselves to give evidence?—I was.

1235. You were examined by the counsel for the Metropolitan Board, were you not?—That is so.

Mr. G. T. Livesey.

4 June 1875.

1236. And, as far as I can see, your evidence, which I do not wish to refer to in any particular part, is entirely about the details of the cost of manufacture, and things of that kind?—It is so, chiefly.

1237. Consequently, the Commissioners appear to have gone into that question?—They did.

1238. Did not you put it rather too broadly when you said that there was no protection whatever for the consumers: supposing that it appeared on your evidence, and that of other competent witnesses, that the gas had been manufactured in an extravagant and wasteful way, would not the Commissioners have been in a position to refuse the increase which was asked?—I do not think they felt themselves in such a position; they could not take the prices of coal paid by my company as the basis on which to calculate the price for the Chartered Company or the Imperial Company.

1239. You gave evidence, and other people gave evidence, as to all the questions which were considered material as to the cost of coal, and such items in the cost of manufacture?—The cost of coal as paid by my own company within my own knowledge.

1240. It seems to have been for the purpose of helping them to form an opinion about the general cost of manufacture?—I suppose it was.

1241. That must have been what they asked your attendance for?—I have no doubt it was so.

1242. But you gave evidence on a good many other points affecting the cost of manufacture, besides the price of the coal, did you not?—Yes, I did.

1243. Are you aware that they have exercised their power in one or two cases, of refusing a part of the increase which was asked for?—They have done so, but they calculated it on the estimates of the companies themselves.

1244. But they were not bound to calculate it in that way?—I think that they felt themselves bound to do so.

1245. You are an excellent judge of gas, but I do not see how you are a judge of the motives of the Commissioners?—I do not judge anybody's motives, but I judge from what I saw, and I am sure the Commissioners had their hands so completely tied by the Act of Parliament that they were helpless as to revision.

1246. The only point in which it appears their hands were tied, was in entering into the question of capital. They never expressed a doubt whether they were entitled to go into the question of due care and management in the manufacture?—I do not like to go into the thing so pointedly, but there is one striking case, I will not say in what year or what company. There was a very large contract made for coal; one company made its contract for coal in February, when coal was at an exceedingly high price; that contract was to begin in October and end in September of the following year, therefore in that following year they were paying during nine months of that year for coal at the high price of February in the previous year. The Commissioners were obliged to take that contract as having been made in good faith; but I do not believe that if those gentlemen who made the contract had been large manufacturers, they would have acted as they did, and have contracted nine months before they wanted the coal.

1247. There was one case in which the Commissioners refused a part of the increase asked, on an exactly similar ground to that which you have just described, that they thought the contract improvidently entered into?—They refused it on the ground that they believed coal for the remainder of the year could be purchased at a lower rate than the company estimated it at.

1248. That was a question of a contract having been improvidently entered into?—Yes, but they did not do much with it.

1249. Will you tell me what reasons have induced you and your company to give so satisfactory a result upon that price of 3 s. for 14-candle gas?—We had the lead, and we meant to keep it; that is the only reason.

1250. What do you mean?—The lead of the London Gas Companies as to price.

1251. You mean the credit; you do not mean to say you have any interest in having a lower rate?—I do not know.

1252. You have a district of your own and the monopoly of it, have you not?—Yes, and there is another reason, the lower the price, the more secure the property and the dividend, I consider.

1253. I believe

1253. I believe it is not the case, that your cost of distribution or your cost of management, is less in proportion than that of the other companies?—No, in some items we are higher than the others. Mr. G. T. Livesey.
4 June 1875.

1254. What is it to which your low price is really attributable?—I cannot explain it very well in answer to that.

1255. There seems to be little difference in the manufacturing charges?—It is to a large extent attributable to buying the coal and selling the products.

1256. You have been more judicious or more fortunate in that than some of the companies have, but why is it, if you have a motive for doing it, that the other companies have not?—I do not know that we have any motive at all; we could get our 10 per cent. any how, so we have practically no motive whatever.

1257. But yet you do it?—We do it, but I cannot give any reason for it.

1258. Where are your works?—On the Surrey Canal, in the Old Kent-road.

1259. How long ago did your company acquire that site?—In 1833.

1260. I suppose it was then sold probably a great deal cheaper than it would be now?—Yes, of course it was.

1261. Is that one of the causes why I see in this list, that your capital is much lower in proportion to a ton of coal carbonized, than that of most of the other companies?—I must give you the history of it; when my father joined the company in 1839, there was 88,000 *l.* capital, and the consumption of coal was not more than 5,000 tons in the year; the proportion of capital to coal carbonised was about 19 *l.* per ton. The first 80,000 *l.* of our capital may have been said to have been absolutely wasted; we were paying small dividends of 1½, 2, 3, 4, and so on, per cent. During the first 10 years of my father's tenure of office, we paid a dividend averaging about 6 per cent., and the balance we made from profit was appropriated to restoring the works. In 1850, we had really recovered the loss of the 80,000 *l.*

1262. You mean the balance of revenue?—Yes, instead of paying it to the shareholders, it was spent in extensions and renewal of works.

1263. To what extent was that done?—In 1850 as to the proportion of capital to coals, the capital was 100,000 *l.*, and the coals were about 15,000 tons.

1264. To what extent did you apply the revenue in aid of capital?—We paid 6 per cent. dividend, and applied the balance, about 4 per cent.; we had really made about 10 per cent. since 1842.

1265. And you applied for some years 4 per cent. in that way?—Yes.

1266. That explains principally the reason of your capital being so small?—Yes, to a great extent.

1267. That does not appear in the 348,000 *l.*, or 349,000 *l.*, which is now your total capital?—No.

1268. Therefore, you have a smaller capital in proportion to the district of supply than almost any other company?—We have got comparatively so, but I contend that the capital of my company is as much as it ought to be.

1269. I do not say anything to the contrary, but you do not say that it would be a legitimate plan in general to apply revenue to capital?—No; to some extent they may have done a right thing a wrong way, but this capital had been wasted, and if the shareholders were willing to forego a portion of their dividend in order to recoup the lost capital, I contend that is a perfectly sound principle.

1270. The fact is, your premises and your plant generally have cost a great deal more than what appears in the figures of your return, have they not?—No.

1271. Have they only cost 349,000 *l.*?—I could erect them now for the same money.

1272. That is not the question; the question is what they have cost you?—I cannot tell exactly; I am not prepared to say, but I do not believe that they have cost more than that.

1273. But if you have done your whole works out of capital, it would show a much larger capital than appears here evidently, because that 80,000 *l.* would have appeared in the capital account as well as all the rest?—I do not see that it ought to.

1274. Merely because it has been improvidently laid out, and wasted?—If 80,000 *l.* is wasted, and spent in works that are now of no use, I contend you are

Mr. G. T. Livesey. bound to restore the works to that extent out of your revenue so as to keep your capital representing the actual value of the plant.

4 June 1875.

1275. You are aware, are you not, that your company are petitioning against this Bill?—Yes, I am; and I ought to say that I have come here partly at the request of the Metropolitan Board. They asked me if I would adhere to the opinions which I had previously expressed, and I said I would. I am not here as a partisan of the Metropolitan Board, nor as a partisan of the companies. But I should like to say one thing; I am a strong advocate of the sliding scale. I believe that is the only means whereby we may obtain and receive a fair administration of the business; and I should say that it would be better if we could, instead of having the referees, have all the conditions of purity, illuminating power, and testing fixed by the Act definitely and unalterable.

Mr. Michael.] I appear for the Commercial Company, and as purity, illuminating power, and testing are questions of clause, I propose to defer my cross-examination upon these points until we arrive at the clauses.

Mr. Serjeant Sargood.] I shall confine myself to that which would touch the Preamble.

Mr. Cripps.] If you have any questions to ask Mr. Livesey, he is here as a witness now to be asked.

Mr. Serjeant Sargood.] Then I shall ask that you may be ordered to recall him, if necessary.

Cross-examined by Mr. Serjeant Sargood.

1276. With regard to the Chartered Company, for whom I appear, you are aware, I suppose, that they have accepted the 3*s.* 9*d.* imposed by the Act of 1868?—Yes.

1277. Now, as to revision; you have spoken somewhat strongly, describing it as a proceeding affording no protection to the consumers, and that it is all in favour of the companies, I am therefore inclined to ask you a word or two about it. You are acquainted with the Act of 1868, I think?—I am.

1278. By the 57th clause the provision is made that if in "the month of January in any year, or any subsequent year, application is made to the Board of Trade, either by the companies or by the consumers, there may be a revision of price"?—Quite so.

1279. That you know?—Yes.

1280. Of course, if a consumer makes the application you do not expect that it will be in order to raise the price?—It is not very likely.

1281. If the company makes the application, you would not expect that it was for the purpose of decreasing the price?—No, certainly not.

1282. Who made the application in 1873?—The company.

1283. Who made it in 1874?—The company.

1284. The object of the arbitration was to get an increased price, was it not?—Undoubtedly.

1285. If those who made the application were not entitled to it, I assume that they ought to have failed?—Yes.

1286. As they did get it, I assume that the arbitrators at least thought that they were entitled to it?—I suppose the arbitrators felt that they were obliged to act according to the Act of Parliament.

1287. The arbitrators thought that they were entitled to it?—I do not know what the arbitrators thought.

1288. The arbitrators gave it to them?—Yes, the arbitrators gave it to them.

1289. You do not call that an ineffective revision, so far, do you?—No.

1290. Do you know also, that the companies going for the increase of price, did ask a figure which, after hearing the case, and hearing, *inter alia*, Mr. Livesey in opposition to it, did not grant them quite to the extent which they wished, and you and the consumers together, managed to knock it down?—I know rather too much. I know that the companies put their estimates up to the highest point they could.

1291. No

1291. No doubt of it ; but I want to ask, whether you did not know that you and the consumers together succeeded in putting it down?—Not so much as the companies expected that it would be put down. Mr. G. T. Livesey.
4 June 1875.

1292. That I did not ask you ; did you succeed in putting it down?—A very little.

1293. Did you succeed in putting it down?—I did not try to put it down.

1294. Did you try to put it up?—No, I did not.

1295. Did you try to justify the price that the companies had asked?—No, I did not do that.

1296. Did the Commissioners put it down?—Yes.

1297. In favour of the consumers?—Yes.

1298. Do you call that an ineffective revision?—It was not ineffective to the extent of the 2*d*.

1299. I can understand that every party to a suit who does not win, thinks the arbitrator or the judge has gone all wrong ; but the revision was effective to this degree that the consumers succeeded in abating our application, but we succeeded in getting an increased price?—Yes.

1300. *Chairman.*] What was the price asked by the companies?—Five shillings and twopence was the price asked by the Chartered Gas Company last year.

1301. What did they get?—Five shillings.

1302. Mr. Serjeant *Sargood.*] Therefore, to the extent of 2*d*. the consumers knocked off our demand, and to the extent of the difference between 3*s*. 9*d*. and 5*s*. we made a case rightly or wrongly, and obtained it?—Yes.

1303. At any rate the revision was a very practical one ; now, let me ask you, what is there in the revision or the mode of revision that you find fault with ; do I understand you to say that due care and management was a thing which the Commissioners did not or could not inquire into?—They might have inquired into it, but they were powerless to act upon that inquiry.

1304. Do you mean to put it absolutely and entirely that due care and management in any branch of the company's works was disregarded, or are you alluding now to the question of capital only?—I allude to the general management and making of contracts.

1305. As you so astounded me in saying that, I will remind you of what they did. Your notion is that they entirely abandoned any idea of jurisdiction over due care and management. This is the 33rd paragraph of their Report which they made, explaining their *modus operandi* and their views. It is at page 11 of the Blue Book of the 1873 Report: "In the discussions before us, the company were charged with want of due care and management in various particulars, the principal objections made being the following ; (1.) That their contracts for coal for 1873 were improvident. (2.) That their mode of disposing of the coke made at Beckton, namely, by contract for 12 months for the whole quantity made, was improvident. (3.) That they had raised an additional share capital in a manner improvident and unfair to the consumers. (4.) That they had an excessive amount of unproductive capital. (5.) That they did not obtain an adequate quantity of gas from each ton of coal carbonised. (6.) That there was too large a proportion of gas made by them wasted by leakage and otherwise." Do you mean to tell this Committee that the Commissioners not only did not inquire into those facts, but that they said they were powerless to do it?—They did inquire into all those facts.

1306. Now I will remind you of what they said in the last paragraph but one: "The companies defended themselves against these several objections with more or less success"?—Yes.

1307. But you see, always with "success," though more or less, and I will tell you why I say that ; because if we had not defended ourselves with success, either greater or smaller, upon every point, they might have mulcted us upon one point or another ; and they wound up by saying this: "But we had not thought ourselves justified in disallowing, on account of any of these objections, any part of the charge for share or loan capital for 1873, or of the estimated expenditure of 1873, which we conceive is the only way in which the conclusion of the absence of due care and management in the past could be applied."

Mr. G. T. Livesey. What do you say to that?—I say it proves the powerlessness of the Commissioners.

4 June 1875.

1308. When they have judged of the issue and heard the evidence on both sides of it, and found that with more or less success we defended ourselves upon every point, and that there was not a single one on which they could venture to refuse our estimate, you call that powerlessness?—Yes.

1309. Would it not have been a very unjust exercise of power, if in the face of their own opinion that we had succeeded in removing the obloquy of those miscellaneous charges, they had knocked anything off our estimate?—If I had been a Commissioner—

1310. I do not ask that?—I should not have allowed them that high price of coal.

1311. No, no; we know perfectly well that the South Metropolitan Railway takes that view and the reasons for it. But let me tell you another thing; before they wound up with that general verdict of not guilty, they had said this, at No. 17, at page 10: "In the estimate of expenditure we deduct 6,750 *l.* for the saving to be effected by the closing for part of the year of the Horseferry Road Station;" they knocked it off on inquiry promoted by the other side against us; you are aware of that, are you not?—Yes.

1312. "We deduct 5,000 *l.* included in the company's estimate of expenditure for expenses of the stokers' strike to be met in 1873, being mainly payments to labourers brought in on the emergency; payments for gas supplied by the other companies, and the bill of costs for the prosecution of stokers. We disallow this sum on the ground that in our opinion it is an expense chargeable to 1872, and not to 1873. And we do not as it was contended on behalf of the company we should set off against that disallowance the sum of 1,344 *l.*, the balance of net revenue carried forward from 1872. We further deduct in the estimate of expenditure on account of indirect loss arising from the stokers' strike, 10,000 *l.* as the excess of the amount included in the company's accounts for 1872, over the amount which will come into their accounts in 1873." They knocked that off?—Yes.

1313. Are you not aware that the Commissioners did these things which I am calling your attention to in addition to what I have named, disallowing the 5,000 *l.* included in the company's estimate for defalcations?—Yes.

1314. Are you not also aware that they allowed to us 2,634 *l.* for additional expense of purification and investigation on both sides, and have actually set up our estimate for purification to a higher amount than we put it down at; do you mean to say that that is an inoperative provision, when a lawyer, actuary and chemist are at work?—I have a very just respect for the gentlemen giving the award, but I still say that they were unable, from some cause or other to form an exact and proper estimate, or if they could form an exact estimate they were unable to enforce it.

1315. With all your respect for them and their judgment, and the evidence they dealt with, you think you would have come to a different conclusion from what they did?—Yes.

1316. Therefore you tell this Committee that you think the Act of Parliament is inoperative?—I do not say that I should have come to a different conclusion; they might have come to the same conclusion as I did, but they were not able to carry it out.

1317. Why should they go through the affectation of saying that they have had an elaborate inquiry, that they have had many issues raised, that they have judged of them, and that as to some of them they put us down, and as to others they put us up; I want to know why you say that these gentlemen have positively stultified themselves in affecting to make an award, believing at the same time that they had no power to make one?—They were bound by the Act of Parliament.

1318. They came here to administer the Act?—Yes.

1319. And you come here to help them to administer it?—Yes, but they were bound by the terms of the Act, and they could not go out of them.

1320. Tell me any terms of the Act they were bound by, which disabled them to do what you wanted, except the one as to raising an expenditure of capital, which was not within the 68th section; tell me any one thing you wanted

wanted to inquire into, and did inquire into, in reference to which the hands or minds of the arbitrators were in the slightest degree embarrassed?—I did not want to inquire into anything, but I would give this fact in evidence that they could not make an effective inquiry. Take the large excess of profit that the Chartered Company made last year.

1321. They were not inquiring into that. I object to your giving that as an illustration. Tell me of any existing fact in 1873 or 1874 pertinent to the question as to whether they ought to have the price raised, in reference to which you say they had not full power to inquire; give me any point you like?—I say those revision clauses, so far as the consumers are concerned, are inoperative for their protection.

1322. I heard you say that, but I do not believe it until you give me a reason to believe it. Tell this Committee any one question on which the Commissioners had the slightest embarrassment as to fully inquiring and fully exercising their judgment, and fully declaring it by their award?—I know they had not the power.

1323. Tell me any one point?—I cannot tell you it.

1324. Why not; you do not seem to appreciate that you are throwing a great slur upon the gentlemen who have affected to discharge a duty which they were conscientiously called upon to discharge. Tell me any point with reference to the question of due care and management (I give you the whole range of the course of manufacture) as to which they had not the power to inquire, or hesitated to inquire, or hesitated to express an opinion upon when they had inquired?—They had the power to inquire and they did inquire, but they were bound by the Act of Parliament.

1325. I know they were. Now tell me any one point in reference to which the Act of Parliament in the slightest degree embarrassed them, on the three propositions I have put, either to prevent their inquiry, or to embarrass their judgment in giving their opinion, or to embarrass them in hesitating to express it, by way of award?—I will say this, that those three gentlemen (and there is no one respects them more highly than I do) were not competent to inquire into the question of due care and management, because not one of them had ever had the management of a gas company.

1326. Now I know from you (the Act of Parliament, telling them to inquire) why these three men were utterly incompetent to inquire into such a subject?—The Act of Parliament had a totally different result from what it was intended it should have.

1327. Having put it as I have, no doubt you have put it with great respect towards this Committee, may I show my respect towards you, by asking you one question on what you have just said. Do you think this Committee as a body (would not be impertinent enough to individualise them) better competent to judge this question than those three Commissioners?—That has nothing to do with the question.

1328. This Committee has nothing to do with it?—No.

1329. Then I do not know why they are so busy about it?—They have nothing to do with the revision of the price of the companies.

1330. But they have to do with this: whether the means exist to enable a statutory tribunal to exercise a proper judgment upon the question of due care and management. You have just said that because the Revision Commissioners were not gas directors, that they are the wrong men in the right place; would you have made Revision Commissioners of the gas directors?—No.

1331. Allow me to ask whether it should have been Mr. Livesey and Company?—No, I would not have had anything to do with it.

1332. Tell me of any three men better than those who were appointed?—I should not have liked to have had to adjudicate in any way with that Act of Parliament.

1333. Because you cannot find fault with it except as a grumbler?—Because it ties you up in one direction only.

1334. In what direction?—It ties the Commissioners up in this direction; as the company gave in an estimate the Commissioners were unable to examine the estimate upon the basis of the figures laid before them, and not being able to upset the estimate in one sense, they were obliged to give a price that should give a full dividend.

1335. Supposing they had put down an estimate that coals for the anticipated

Mr. G. T. Livesey. year would have cost us 10,000 *l.*, and that we had produced those parties who had given us contracts to prove a certain part, and had called experts in the trade to prove the probable estimate of the price of the remainder, there would only have been one way of upsetting it, either to show that the contractors were telling a lie, or that the other men had no judgment in their trade, and knew nothing about it. Do not you know that those two things were done; that we actually produced our contracts to show how much we were safe to expend for a portion of the coal, and we called experts in the trade to prove what we were likely to pay for the remainder?—That remainder was simply an estimate.

4 June 1875.

1336. What else could it have been?—That is why I find fault with the legislation, and I want an alteration of the system, whereby it should be the interest of the companies——

1337. Do not talk about those platitudes. I want you as a practical man to tell me this: If the price is to be arranged prospectively, it can only be done upon due estimate of what the expense is to be prospectively?—Yes.

1338. I will meet you upon your coal contracts; that expense is proved by the fact that we have made contracts provident or improvidently by which we are bound?—Yes.

1339. And as to the remainder of the coals we have not contracted for, we must make the best estimate we can of the cost?—Yes.

1340. You know that we called the contracting parties, and put in the contracts?—Yes.

1341. Do you mean that they were dishonest contracts?—No.

1342. Had you not an opportunity of pointing out that they were most improvident?—It was pointed out.

1343. If the Commissioners thought they were improvident, had not they the power to say, We shall not allow 10,000 *l.* for the contract, we shall only allow 9,000 *l.*?—No, the Commissioners had to assume that the Chartered Company had acted to the best of their judgment in making the contracts.

1344. If they thought the Chartered Company had not acted to the best of their judgment, were not they able to abate the probable cost?—They thought they acted to the best of their judgment.

1345. Then they acquitted them of your challenge, that they had made an improvident contract?—I do not think so.

1346. Were not they men of sufficient ability to judge of the facts?—Yes, they were, quite.

1347. As to the estimates, did not we call experts in the trade to prove the reasonable expectation of the price as to the part we had not contracted for?—Yes.

1348. Were not you and your friends capable of impeaching us, by calling other men who would prove that we should get coals for much less?—Yes, I suppose the other side were.

1349. Do not you know that both sides were heard upon that very question?—I was asked myself.

1350. Do not you know the Commissioners assented to it?—Yes.

1351. Did they form an opinion?—Yes.

1352. Were they competent to form an opinion?—Yes.

1353. Did they fix the price after forming an opinion?—Yes.

1354. What more do you want?—They fixed the price in accordance with the limitations of the Act.

1355. What more do you want than that they should judge of the probable price by hearing evidence on both sides; what has the Act of Parliament to do with that?—Take the result of last year——

1356. What has the Act of Parliament to do with that?—The estimate of last years saddled the consumers with 4 *d.* a thousand feet more than it need have done.

1357. What has the Act of Parliament got to do with the exercise of the Commissioners' judgment, and the award they made after hearing evidence on both sides; why did that embarrass them?—I cannot answer the question put in that way.

1358. I do not believe you can, or any human being; now, let me ask you another question upon another subject; the 3 *s.* 9 *d.* price is binding upon us?—Yes.

1359. And you are satisfied to let it alone?—Yes.

1360. You

1360. You know that in 1868 we accepted the price?—Yes.

1361. Was this a reduction of what we had previously an opportunity of charging?—Yes.

1362. Do you know that we accepted it at the same time and in the same Bill, that gave us the power of revising, and gave the consumers the power of revising it in case of things going up or down adversely to either side?—Yes, and it was thought fair at the time.

1363. And the same Act of Parliament said that the reviser should always bear in mind that the price was to be fixed so as to enable us to earn our 10 per cent., but not more?—Yes.

1364. All that they did?—Yes.

1365. Allow me to ask you, as a gas man, whether you know that we have raised a million of capital on the basis of that arrangement, with a 10 per cent dividend, if so, do you think it fair now to alter the 1868 Bill, and say you shall no longer have a fixed price, to be revised by an independent arbitrator, in order to secure that advantage to you, or a fixed price to be revised by an independent arbitrator to secure the advantage to the public; but that we should be put upon a sliding scale, and that if ever the price shift upwards, our dividends shall go downwards; is that a fair thing after our bargain made in 1868?—You have given me a very long question, but I will give my own answer; I say Parliament has given to the gas companies those revision clauses; they are a certain and decided advantage to the gas companies, and Parliament has now no right to take from them what they have given them, without giving to us a fair equivalent.

1366. "Us"; they have not given it to you, have they?—We have a revision clause.

1367. Have the South Metropolitan a revision clause?—Yes, and they do not mean to use it either; I contend that we, the South Metropolitan, have revision clauses which are worth something to us; and as far as I am concerned, I should say I will not give up a certain advantage, unless you give me an equivalent for it; or I will not allow you to take it from me without my consent.

1368. Comparisons are odious, but they are worth more to us than you; you are a 14-candle man, and we are 16-candle?—Yes.

1369. Both at 3 s. 9 d.?—Yes.

1370. Taking the Act altogether, the 10 per cent., the fixed price, the revision, subject to keeping up the 10 per cent., the raising of our capital, and the five amalgamations, is all upon that footing, do you think it can honestly be proposed by the consumers to come and change the whole foundation of the arrangement we accepted in 1868, and have acted upon to this hour?—Not without your consent, and giving you an equivalent.

Re-examined by Mr. Cripps.

1371. Just a word about this revision and the working of it; I believe you were present at the inquiry, and there was no restriction, was there, upon the companies as to the amount they should ask for, so long as it did not exceed 5 s. 6 d.?—Five shillings and sixpence, the limit of the Act of 1860.

1372. They were at liberty to ask for any sum not exceeding 5 s. 6 d., leaving it to somebody else to cut down that amount?—Yes, certainly.

1373. The companies who made that claim had to prove their case by their own servants, and by their own officers, had they not?—Undoubtedly.

1374. And their own engineers?—Yes.

1375. Is it the fact that all the principal gas engineers who could be resorted to for a matter of opinion in the metropolis, are persons engaged in some way or other for one of the gas companies?—It is so.

1376. So that all that class of evidence would naturally have a bias in favour of the companies to which the witnesses belong?—I know the officers of the companies well, and I believe them to be thoroughly honest men, but I do not believe, situated as they are, they can act quite impartially.

1377. You would hardly imagine that the Metropolitan Board, or those representing the consumers, would be willing to call up against one gas company the engineer of some other gas company?—I suppose not.

1378. Before the Commissioners the companies had to support the propriety of certain contracts they had made, giving prices for coal which were alleged to be too high?—They had.

Mr. G. T. Liversy.

4 June 1875.

1379. And, in support of that, they called those dealers in coal, who said they had not got a farthing too much for the coal they had sold?—That was so.

1380. It was not very likely that those dealers would come and say that a contract had been made unfair to the public and too much to their advantage?—Not very likely; but the dealers were fair and honourable men, as far as I knew them.

1381. In the same way as the engineers, but with that bias, that they were the parties who would have had to be called by us to say that they had got too much out of the contract?—Yes.

1382. In the same way, when we alleged that coke had been sold for too little, they called the dealers in coke, who came to say that they had not given a bit too little for the coke?—I believe they called those witnesses.

Mr. Serjeant Sargood.] We did not call the coal contractors, but the heads of the trade, not parties capable of contracting with us.

1383. Mr. Cripps.] Whether they were or not, they were persons who were coal dealers, and would get the greatest price they could for their coal. (To the Witness.) As to the coke, they had to prove that they had not sold their coke at too small a price?—Yes.

1384. And to prove that, they called the coke dealers, who said they gave quite enough for the coke?—Yes.

1385. One would not expect, under those circumstances, that it would be quite a fair question of evidence between those finding fault with the companies and those supporting the particular case?—It was a very difficult position.

1386. The Commissioners did apply for legal authority to know whether they had not the larger power which we contended for, as against the smaller power which the companies contended for?—They took, I believe, the opinion of the law officers of the Crown upon the question of their entering into the subject of capital.

1387-8. The result was that the Commissioners did not go into the facts which we, on behalf of the Metropolitan Board, desired they should go into?—They did not touch the question of capital.

1389. Chairman.] Their appeal to the law officers as to whether they had or not the authority to judge of a question of capital, was in relation to the Imperial Gas Company, and it did not affect the question of the Chartered Gas Company?—The Imperial inquiry came on first, and having had that question of capital settled in the case of the Imperial, it was not raised in the case of the Chartered.

Mr. Cripps.] That question was not raised in 1873, when the Chartered Company were before the Commissioners; it was raised in 1874, when the Chartered and the Imperial were both before the Commissioners. (To the Witness.) Your attention is particularly called to the Report of the Commissioners in 1873; it was at the conclusion of their Report in 1873, which my learned friend partially called attention to. After mentioning what were the objections made to the company, they say; “We have not thought ourselves justified in disallowing, on account of any of these objections, any part of the charge for share or loan capital for 1873, or of the estimated expenditure of 1873, which we conceive is the only way in which the conclusion of the absence of due care and management in the past could be applied.” Therefore, all due care and management in the past was excluded from the subject of that inquiry.

1390. Mr. Cripps.] They say here: “which we conceive is the only way in which the conclusion of the absence of due care and management in the past could be applied;” they state that there is no other way in which the question of due care and management in the past could be applied in reference to the capital?—I quite agree with them; the management expenses are done with for the year that is past.

1391. When the year is once over the Commissioners held that they could not enter into it in any way?—No.

1392. Now, you were asked about the estimate of the expenditure, and they say: “We deduct 6,750 l. for the saving to be effected by the closing, for part of

of the year, of the Horseferry-road station ; " I do not know whether you were present and know that that was a fact which came out in the course of the inquiry ?

Mr G. T. Lacey.

4 June 1875.

1393. Mr. *Cripps*.] Do you know at this time how it came out before the Commissioners ?—I do not know ; I know that it did come out, and that is all.

1394. I dare say you know this, that when they say they disallowed the sum of 5,000 £. upon the stoker's strike, that they thought it was an expense chargeable to the year 1872, and not to the year 1873, and that is why they disallowed it ?—I believe so.

1395. Do you know that the question was raised before them whether they could inquire into the matter, or whether the outlay upon the new works had been excessive in proportion to the outlay ?—That question was raised.

1396. And that question, it was decided, they could not go into ?—Yes.

1397. You were pressed very much by my learned friend as to what it is to which you attribute the low price at which you, the South Metropolitan, are supplying gas to the metropolis ; in the first place, as to your net cost of coal, I see that your net cost of coal is much the same as the Phoenix, and the Surrey consumers, and the Ratcliff ?—Yes.

1398. Though it is less than the Gas Light, the Imperial, the Commercial, and the Independent ?—It is more than the Ratcliff, but not much.

1399. But about the same as the other three companies I have mentioned ?—Yes.

1400. Now, with regard to your total working expenses ; are those total working expenses less per ton almost than any other of the metropolitan companies ?—The total working expenses are less by nearly 2 s. than any other company.

1401. That includes the general management ?—Yes, I will hand this in.

1402. *Chairman*.] I will ask a question as to this book ; the figures you have just quoted from the analysis of the different companies' accounts for the year 1873 were compiled by Mr. Field, the accountant to the Imperial Gas Company ?—That is so.

1403. And they can be had from the author for 10 s. 6 d. a copy ; they are so prepared ; and you are now quoting from them, considering them, in your opinion, to be correct ?—We all accept them.

1404. Mr. *Cripps*.] It is referring to that paper which the Chairman has before him, that you say your total working expenses are less per ton than any of the other metropolitan companies ?—Yes ; that is chiefly owing to our having bought coals cheaper.

1405. Who arranges the purchase of coals on behalf of the South Metropolitan Company ?—I suppose I may say I do entirely.

1406. Then they employ a regular officer for the purpose of always making those contracts ?—Yes.

1407. Do you know that the other companies, or many of them, make their contracts by means of a director, or a committee of directors, in the board room ?—Mine is submitted to the directors, but, during the last three or four years, every suggestion I have made about coals has been adopted by the directors.

1408. You, practically, are the party who regulate the coal contracts, and the management adopt what you suggest ?—They have done so.

1409. May I ask this ; do you think that, having some regular officer appointed in that way, is a better way of making contracts than that the matter should go before a committee in the board-room for the purpose of determining them, a committee who probably have no knowledge of coal ?—I am in a favourable position there, holding a double-office. I am not only able to regulate the purchase of coal, but also to know what is wanted, and what is used. The board of directors in many other companies have to receive reports from the men as to what they want, and then request their secretary to apply for tenders, and so there is divided responsibility, and divided action too.

1410. But your directors set in motion the whole matter, by a person especially appointed for that purpose, who has a full practical knowledge of the matter ?—My whole time is devoted to it.

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1411. May

Mr. G. T. Livesey.
4 June 1875.

1411. May I ask you, generally, with reference to the South Metropolitan, are the matters there generally managed by some executive officer rather than by the board-room?—I am happy to say that my directors treat me with the fullest confidence in everything.

1412. And you, as the executive officer manage matters, and the board-room do not practically interfere with you or your opinions?—Quite so.

1413. Is that a better system, or could matters be carried out more economically in that way, than by the ordinary way of the direction being concerned, and inquiring into contracts?—My opinion is, that a gas company should be managed by a general manager, who should have almost the entire control, and the work of the directors should be to find a suitable man, and trust him.

1414. Much in the same way as the railway companies now have their affairs managed by a general manager, an executive officer?—Yes.

1415. The direction merely remaining a board of consultation?—Just so.

1416. Did you hear the Chairman of the Chartered Company give evidence before the Commissioners as to how the contracts were managed for coal?—Yes.

1417. Did you hear him repudiate the idea of a gentleman, like himself, going upon the Coal Exchange?—I think he was right. I do not think it was part of his duty to do it.

1418. If the committee take upon themselves to interfere directly in a contract, there must be some one among them who knows something about coal?—Yes, I have known this; in a severe frost, the coal committee of a company, some 20 years ago, let the company get right out of coal, and they were running about, one here and one there, buying tons of the coal merchants.

1419. That is a course of things that would hardly have happened if there had been an executive officer responsible for matters of that kind?—I do not think it would.

1420. Did you hear the governor of the Chartered Company repudiate the idea of any one of the directors knowing anything about coal?—I do not remember it.

1421. Now another matter; as to the price of coke; you told us that the price of coke fell faster than the price of coal?—In 1874 it did.

1422. But then on the other hand, contracts being made in the ordinary way, would not the price of coke rise faster also?—The gas companies got an advantage in the rise of coke in the early days of the high price of coal, and they lost it to some extent when the coal began to go down.

1423. Taking the two together it would be much the same; it would not signify whether it rose faster or slower?—Perhaps not.

1424. *Chairman.*] Just take the book in your hand; are you in favour of the 6th Clause as it stands?—Not as it stands, certainly; and I am not in favour of it as it stands amended.

1425. The addition of 48A and B do not remove the objection in your mind to the clause?—The addition you refer to is in reference to allowing the companies to form a reserve fund; my objection to that is this; that I conceive under the arrangement it would be to the interest of the gas companies to keep the price as near as possible to 3 s. 9 d.; that having got their reserve fund by reducing the price to some extent, they would have no further inducement to reduce.

1426. What is your objection to Clause 6?—My objection to Clause 6 is as it originally stood, that it is entirely unfair that if we are to submit to a reduction of dividend if our price goes up, we ought in common fairness to have an increase of dividend, if our price goes down.

1427. Have you seen the letter from the Board of Trade to myself as Chairman?—Yes.

1428. If you turn to page 2, at the paragraph beginning, "That the price and dividend." Am I right in supposing that what you think would be the best proposal is what is there recommended?—Undoubtedly.

1429. I am right in supposing there is no difference between what you recommended and the recommendation of the Board of Trade's letter?—None in principle.

1430. It

Mr. G. T. Livesey.

4 June 1875.

1430. It being "That the price and dividend shall vary inversely in certain fixed proportions without limit, so that on the one hand the price may be raised without limit as the dividend diminishes, and so that the dividends may be increased without limit, as the price diminishes"—Quite so.

1431. You have not increased your capital since what year?—We are increasing a little every year; I am endeavouring so to arrange it, that the increased business pays a dividend on the increased capital.

1432. You have paid a dividend of 10 per cent. since 1842?—We have not paid it; we really have made it.

1433. Have you given part of it back to capital account?—Up to 1850, part was given to capital account.

1434. Since 1850, you have paid a dividend of 10 per cent., which is put to the dividend account?—Yes.

1435. What was your capital in 1850?—In 1850, the capital was 100,000 *l*.

1436. And it is now I see 348,975 *l*.; 350,000 *l*. we will call it?—Yes.

1437. I find in this table of the different companies that the proportion of capital for your ton of coal is 4 *l*. 11 *s*. 6 *d*., which is very considerably less than that of any other company?—The Independent is rather less.

1438. With the exception of the Independent, it is considerably less; there is one at 5 *l*. 1 *s*. 6 *d*., that is the Commercial. But the two great companies that we have heard so much about, the Gaslight is 7 *l*. 14 *s*. 11 *d*., and the Imperial 7 *l*. 8 *s*. 4 *d*.?—Those figures, I believe, are correct.

1439. What do you consider, comparing your company with, say, the Gaslight Company, what is the reason of this great difference?—The Gaslight and Coke Company have had to expend a very large amount on capital account in the construction of the Beckton works. They were forced to go to Beckton; the local authorities would not allow them to erect works nearer London; and in that undertaking, purchasing land, and making a jetty for unloading steamers, largely adds to the capital, and does not become fully productive for some years after it is invested.

1440. I suppose they have never adopted the policy you did up to 1850, of increasing the capital by allotting part of the dividend?—I do not know whether they ever did that; but taking the average of the capitals of the companies in 1863, I find the proportion was 5 *l*. 2 *s*. 3 *d*. per ton of coals used in that year. I estimate that that comes rather under the mark. Now the proportion is something over 7 *l*.; so that in 1863 the capitals of all the companies were at a very moderate amount indeed.

1441. In your expenses, to which we have had allusion made, in which your company stand so well as to working expenses, do you take off interest on capital?—That is exclusive of dividend.

1442. And exclusive of any interest on capital?—Yes.

1443. Can you give any explanation as to the Imperial capital being so large?—The Imperial have built very large works at Bromley-by-Bow, and that capital is not productive yet.

1444. Allusion has been made to the opinion obtained from the law officers by the Commissioners, which was, as you are aware, to the effect that they could not take into account the question as to whether there had been any injudicious or excessive expenditure of capital, on works or otherwise, in past years; you are aware of that?—Yes.

1445. May I ask you this, because you have been asked a great many questions and have answered them with the greatest straightforwardness, and you evidently wish to give us all the information in your power; do you think there has been injudicious or excessive expenditure of capital on works?—Coming from you it is a very difficult question to judge of what other men have done; but I am bound to say that I should have been very sorry to have spent so much money as those two large companies have done on their works.

1446. Looking at page 4 of this Return, I find that your total working expenses are put down at 14.68 per 1,000 feet sold, and I find that the next lowest to that is the Imperial, which is 15.91, the Chartered being 17.78. I believe a considerable part of the expense is in the expense of distributing, is it not?—Yes, it is.

1447. Have you any advantage or not with regard to distribution?—Compared with the Imperial, I should say that the district of the South Metropolitan is almost

Mr. G. T. Livestry.
4 June 1875.

almost exactly of the same character, and that the cost of distribution ought to be the same per thousand in both cases.

1448. How is it compared with the Chartered?—The Chartered Company have the richest district in the world; they have the largest consumption of gas for the smallest area.

1449. I suppose a good part of the southern part of your district is much less densely populated?—It includes the whole of Dulwich, if you know that part.

1450. I think I understood you to say, in the course of your examination, that all through the high price of coal you really did not charge more than 3 s. for 14-candle gas?—That was the price.

1451. And that notwithstanding the rise, and the high price of coal, you had not to dip into your reserve fund of 20,000 l., but you have had to dip, to the extent of 12,000 l., into your surplus fund?—Yes.

1452. Do you think there was anything in the position of either of these two large companies, the Imperial or the Gaslight, which could reasonably have prevented their doing the same?—I really do not know why they should not have made gas as cheaply as the South Metropolitan; they ought to have bought their coals, if all the theories of trade are right, at a lower rate than we did; a large customer ought to be able to buy cheaper than a small one.

1453. Mr. Birley.] A great deal has been said to you this morning about the question of due care and economy in management; I wish to ask you one or two questions upon that subject, because I believe that you are not merely the engineer of the South Metropolitan Company, but also, practically, the manager of the works?—That is so.

1454. Do not you think, if it were confided to you as a mission to ascertain whether any of the other companies were exercising due care and management, you could, under the power the Act of Parliament gives, make a report?—I do not say that I could not make a report, but I contend that the Act of Parliament would so limit my action that, practically, it would be of no use.

1455. Is that so; I think you see the power given here. "The Commissioners so appointed may inspect the works and books of accounts and documents of any company"; are you aware of those provisions?—I am.

1456. "And such company shall give to such Commissioners access to their works, and produce for their inspection all such books of accounts and documents as may be required by such Commissioners, and afford them all facilities for the proper discharge of their duties"?—Yes.

1457. The Commissioners may summon any person to give evidence and to produce documents before them, and administer oaths, and take affidavits and declarations?—They have the fullest power of inquiry.

1458. And you do not think that even with those powers they could produce a report to show whether or not there had been due care and economy in the administration?—It must be a very glaring case indeed for the Commissioners to put their fingers upon it and say there is a gross case of bad management, and we must deal with it.

1459. Even if they were thorough experts in the trade?—Yes.

1460. Chairman.] Taking, for instance, a contract for coal; do you think if a contract had been made in good faith, and if it was not above the market price of the day in which it was made, that the Commissioners could complain that they had shown a want of due care and management because there had been a mistake made at the time of buying it?—I do not think the Commissioners could refuse to allow on that ground.

Mr. Venables.] You asked whether the Imperial and other companies could not have produced gas as cheaply, to which the witness replied something to this effect: "I think they ought to have bought their coal cheaper." It appears that the Imperial Company did buy its coal cheaper. If you look at page 2, and first column of Mr. Field's book, you will see it.

1461. Chairman.] I think I understood you to say, in answer to one of my previous questions, that you thought that these large companies might have got through the coal famine as well as you did, if they had bought their coal better, but I find in 1873 you paid 24 s. 10 d. '37 for coal, and the Imperial Company paid 24 s. 1 d. '45?—I can explain that. The policy pursued by my company has been

been to get coal as far as possible at the current rates, and not to make large contracts in advance. In 1873 we paid the full price of that year for coal. The Imperial had the largest quantity of coal used in 1873, contracted for in 1872 at lower rates; then in 1874 we got the best of it.

Mr. G. T. Liversay.
4 June 1875.

1462. In 1873 they gained by the contract system, but in 1874 you gained by the want of the contract system?—Yes; some of the companies gained considerably.

1463. In 1872 was not this the case, that the South Metropolitan coal was 16 s. 7 d., and the Imperial 17 s. 2½ d., and the Gaslight and Coke Company 18 s. 2½ d.?—Yes, I believe so.

1464. Mr. Michael.] And the Phoenix 16 s. 3 d.?—Yes.

1465. Chairman.] But certainly this information would appear to imply that it could not be by the bad purchases in coal, solely, or indeed mainly, that you got through the coal famine without charging a higher price to your customers, and yet keeping your dividend?—There is a difference of 6 d. in the dividend; it costs us 6 d. less to pay our dividend than it does the larger companies.

1466. Because you have a less proportion of capital?—Yes; I might explain further about that coal; some of the companies had contracts running for three or four years, and those contracts did not terminate till 1873; so that they got coal in 1873 at the prices of 1871; now in 1874, I have my own calculations; we get the best of it again.

1467. Mr. Venables.] I see the Phoenix, which is one that we appear for, is 22 s. in the year 1873?—The Phoenix had an old standing contract.

1468. Therefore the contract system answers sometimes, and sometimes it does not?—Yes; I do not want the contractor to get the best of me, and I do not want to get the best of him.

Mr. Serjeant Sargood.] Will you take for the Chartered Company this observation, that in page 1 of Mr. Field's book, you will find what the per centage of cannel gas was which we sold an article of an expensive character, in which we almost exclusively deal; in 1872 our per centage of cannel was 22, and in 1873 our per centage of cannel was 33 of the gas sold.

1469. Chairman.] You admit that fact?—Yes.

1470. What was the price obtained for the cannel?—The cannel is much more expensive than the other coal.

1471. When the companies sold their gas, they got a proportionate price for it, did they not?—They got it upon the gas.

1472. I do not feel that we have got quite to the meaning of the remarkable fact that you have given us. We will take, for convenience sake, only one company; take the Chartered Company, which thought it necessary to apply to the Commissioners for an increase from 3 s. 9 d. to 5 s. 2 d.; they got 5 s. for 16 candles; you found that it was not at all necessary for you to make any application whatever, and were able to go on selling at 3 s. with 14 candles; and only at the expense of having to make a comparatively small deduction from your surplus over your reserve fund; now I cannot see that the price of coal explains that?—I cannot say that it does.

1473. Can you give us a little more explanation of it?—In the first place, it costs us, say 3 s. 2 d.; if we had had as high a capital as the Chartered Company we should have had to charge 6 d. more to cover it.

1474. If you had had as high proportionate capital?—Yes, say 3 s. 8 d.; then as to the quality of the gas, theirs being two candles nominally higher than ours; I put another 3 d. on for that, and that brings it to 3 s. 11 d. Then their unaccounted for gas, was nearly double ours; while we, during the last five years, have accounted for 93 per cent. of our gas; the Chartered Company has only accounted for about 86 per cent., owing to the great extent of amalgamations in their taking over a large quantity of old and useless mains; they are now fast reducing their leakage.

1475. I will go now to the Imperial; the Imperial applied for what increase?—The Imperial did not apply for any increase in 1873.

1476. What increase did they apply for in 1874?—Their leakage is higher than ours.

Mr. G. T. Livesey. 1477. What increase did the Imperial apply for?—They got 11 *d.* increase; 4 *s.* 8 *d.* they charged in 1874.

4 June 1875.

1478. And furnishing the same gas as your company?—Yes.

1479. They found it necessary to go in for 4 *s.* 8 *d.*?—Yes.

1480. And you were able to go on with 3 *s.*, and were, perhaps, damaging yourselves to the extent of 2 *d.*, but you were at any rate able to go on with 3 *s.* 2 *d.*; amalgamation does not account for that with the Imperial Company?—No, there is another 6 *d.* there for dividend; that brings it up to 3 *s.* 8 *d.*; their leakage is heavier than ours, and they do not gain so much by their residuals as we do; and we sold far better than they did in that year.

1481. Supposing you were to increase your capital, I suppose you would be able by the Act of Parliament to get 10 per cent. upon that capital?—We have power to increase our capital to 500,000 *l.*, another 100,000 *l.*, and the shares are allotted and already issued for it.

1482. Does not it sometimes come before your company as a question of merely looking after the interests of the shareholders, that it would be desirable to increase the capital, and therefore the shareholders would have more of their money invested at 10 per cent.?—That is the point; it is a direct inducement for the companies to pile up the capital; it is a direct inducement for my company, and it is my interest too.

1483. Mr. Birley.] I will take that question of coal, upon which we had some questions just now: does that all illustrate the difficulty that the investigation would present?—I think it does.

1484. In what way, because we have very elaborate tables here, so that all the facts could be brought out?—You refer now to the Commissioners, the Chartered Company, and the Imperial Company; the Chartered, more particularly, laid a statement before the Commissioners, in which it was shown that the coal for nine months of the year for which the Commissioners were to fix the price was already contracted for, and the Commissioners therefore say, we are bound to believe that these gentlemen acted to the best of their judgment, and we must accept that great item for coals.

1485. And the companies would be able to show that they bought the coal at market prices?—Yes.

1486. Now pass on to the works at Beckton, or any other large works. Supposing the Commissioners went down to examine the works, would it be easy, or would they have an opportunity of seeing that there had been lavish and unnecessary expenditure which ought to be disallowed?—I think none but an expert could say that.

1487. I am supposing an expert?—One of the Commissioners was an actuary, one was a barrister, and one was a chymist, and there was not one amongst them expert as an engineer.

1488. They could have called in experts?—They could have done so.

1489. What would have been the difficulty presenting itself to your mind?—If they had called me in I should not have liked to have said that there had been unnecessary expense. I am friendly with the engineer of the Imperial, and very likely he is right and I am wrong.

1490. Take the question of leakage, would there have been a difficulty in proving a want of proper care and management?—The Commissioners gave great attention to that question, and they accepted the statements of the Chartered Company, and I believed they gave the Chartered Company credit for doing all they possibly could to reduce the leakage. The Chartered Company did do all that was possible.

1491. Now take the question of the production. I know that some manufacturers do not get as much out of the coal as they ought to do. Is not that the case, that they do not produce as much gas out of 1,000 tons of coal as they ought to do?—That question was gone into before the Commissioners, and they found fault with the Chartered Company for not getting as much as they ought to get; but seeing that considerable improvements have been made, they assume the Chartered Company were doing the best they could.

1492. And you would say the same of every manufacturer of gas, that they were fairly doing their best, and it would be difficult for the Commissioners to fix the reproach upon them that they were not exercising due care and management?—Yes.

1493. Do

1493. Do you agree with this sentence in the letter from the Board of Trade, Mr. G. T. Liversay, which states, "It would seem *à priori* to be at least doubtful whether any Government Department, or any official Commissioners, however zealous and competent, can succeed in dictating to a trading company the terms and conditions of manufacture on which they can make the greatest amount of profit, and to fix the price of their article accordingly"?—I agree with it thoroughly.

4 June 1875.

1494. "And one of the questions now raised will be whether the existing system of revision has been effectual, or can possibly be made so." Do you agree with that?—Yes.

1495. I ask these questions because they seem to me to be very important as touching the working of the Act of Parliament of 1868, the City of London Gas Act. It was clear that the Committee of the House of Parliament, which sat the year before, intended it to be an effective check upon the companies?—And it was thought that it was fair at the time.

1496. Mr. Bristowe.] Just now you were giving certain figures to the Chairman, accounting for the difference in price between your company's charges for gas and the charges of the Chartered and Imperial Companies?—Yes.

1497. There was extra leakage, you said, over and above what you had, and you make an allowance for that?—Yes.

1498. But you also told us before that those two companies have undertaken large works, which at present are unremunerative?—To some extent.

1499. I think in giving the figures you did not add anything on that account?—No, that is a question of capital; it is entirely independent of the working expenses of making the gas.

1500. And therefore, according to the ruling, the Commissioners decided that it was a matter that they could not go into?—Yes, that table gives the working expenses independent of capital.

1501. As to those extra works which at present are unremunerative, were those works imposed upon those two companies by Parliament, or some local authority over whom they had no control?—The extension of their business necessitated their constructing large works, and I must do the Chartered Company the justice to say, that they have power to raise the capital at 10 per cent., and they issued the shares at 5 per cent. for five years, on the ground, I believe, that they considered that that capital would not be fully remunerative, and it would not be fair to charge the public with the full 10 per cent. at that time.

1502. Then at the time you compare the prices that you could afford to charge with the charges of those two companies, you had no unproductive capital and they had?—Our business is extending.

1503. I only want an answer to that question; I do not say absolutely unproductive, but partially so?—I think so; our business is extending as rapidly as the Chartered, and we are building new works every year, and gasholders are being built which will not be productive for two years.

1504. Chairman.] I understood you to say that the Chartered Company issued a good deal of capital for five years to bear 5 per cent.?—Yes.

1505. You do not mean that there was any capital that brought no interest at all?—No, I gave an instance; they have bought 150 acres of land that they have had to pay for, but only a portion of that land is really productive; it is used for a gas manufacturing station.

1506. Have they taken any capital from their shareholders on the outside public, for which they do not give them interest?—No; they give interest for everything.

1507. But a good many of the shares they issued for a time at 5 per cent.?—For five years.

1508. They all receive five per cent., and at the end of the five years they are to come in equally?—Yes, it was a 5 per cent. preference for five years.

1509. Mr. Talbot.] Some of their money was not earning anything?—No.

1510. Chairman.] In so far as it did not earn, it would tend to prevent their getting their 10 per cent.?—Yes.

1511. And it has not done so?—They raised the price to meet it.

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1512. Mr.

Mr. G. T. Livesey.

4 June 1875.

1512. Mr. Talbot.] The Commissioners, in 1873, did not shrink from going into the question of improvident contracts?—I think not.

1513. It is one of the points which we say was raised before them, that their contracts for coal for 1873 were improvident; did not you tell the Committee that the contracts of some of the companies were made in the beginning of that summer, which were only to take effect in the autumn of that year?—I did.

1514. Were those contracts taken when prices were very high?—In my experience, the highest price that coal reached was in the months of February and March 1873. Some of the companies, or one of them, made a contract in those months; deliveries to begin in October 1873, and to end in September 1874. I believe that company did it to the best of their judgment; they were afraid they would not get the coal at all, unless they closed at that time.

1515. Looking forward, and forming the best judgment they could, they thought that that contract was not an improvident one?—Yes.

1516. The Commissioners in looking at the matter and forming the best judgment they could, confirmed the view the companies had taken?—The Commissioners assumed that the company had acted to the best of their judgment.

1517. Can you suggest any better way of checking improvident contracts than this?—I cannot suggest any worse way.

1518. Is there any way by which any external authority can interfere with gentlemen making contracts to the best of their judgment at the time?—I do not think so.

1519. Supposing you could pass an Act of Parliament yourself, how would you suggest that this thing should be better arranged for the future?—The suggestion I have already made, that the dividend should be dependent upon the price charged for the gas, then there would be no need for Commissioners or for any inquiry whatever.

1520. You would do away with the Commissioners?—Yes, but the auditor would have to certify the price charged.

1521. Mr. Brassey.] If your scheme were adopted, would it not be necessary to have somebody to represent the consumers, to test the quality of the gas?—Undoubtedly.

1522. A general inspection of that kind would be necessary as to quality?—The same inspection is in operation with the Chartered and Imperial and ourselves.

1523. You have been asked questions as to contracts for coal as bearing upon the cost of the production of gas; are there not a great many other details which must be carefully managed, in order to secure economical production of gas, such for instance as care in the management, the labour employed, and care and skill in the arrangement of the works and plant and buildings, and judicious arrangement in regard to the handling of large quantities of coal, and so forth; those details must all be well managed, must they not, in order to produce gas at the cheapest possible rate?—All those details have a very material effect upon the price.

1524. Can anybody be a competent judge of the details who has not been practically employed as a manager of gas works?—I should say certainly not.

1525. The manufacture of gas being more or less a monopoly, and even in this large Metropolis carried out by a few large companies, I presume that the number of persons who have a practical acquaintance with the details of the operations must necessarily be limited?—It is limited.

1526. Are there any professional gas engineers not employed by any of these companies who are in an independent professional position, and who could be consulted by the Commissioners as to the details of the cost of making gas?—I can hardly point to a single gas engineer who has had large experience with large works, who is free and independent of the companies.

1527. And, therefore, when the Commissioners are asked to go into these details, not being themselves practically conversant with the manufacture of gas, it is very difficult for them to obtain the necessary advice?—I think so.

1528. Mr. Serjeant Sargood (through the Committee).] May I ask whether, with-
in your knowledge, Mr. Stephenson, who has a large experience as a gas engineer,

was

was not examined before the Commission, and has been examined before every Committee on behalf of the consumers?—It is so.

Mr. G. T. Livesey.
4 June 1875.

1529. *Chairman.*] There is one question which I did not ask you; part of the working expenses, I suppose, is the wear and tear of the plant?—Yes, it is.

1530. Is that a considerable part of the expenses?—In our case last year the wear and tear of plant and renewal of it, cost between 5,000 l. and 6,000 l.; it is not a very considerable item. When I say that, it is not really in many departments very considerable.

1531. Is it your custom to put it to revenue account always?—Yes.

1532. Is it the custom in the case of other companies?—Undoubtedly; the wear and tear of the mains is very little, the wear and tear of the retorts is a great deal.

1533. *Mr. Brassey.*] Has your general experience, as a man of business, been sufficiently wide to enable you to say of your own knowledge that there is a general tendency among managers of large companies to increase the establishment, and increase the works, and make proposals for expenditure of capital?—It is rather difficult to answer that question. Some engineers in this room are most sincerely anxious to reduce their expenditure to the lowest possible point. The engineers of the works supplying the district adjoining my own are working, I believe, more economically than I am myself; they would be glad to see their price reduced to something approaching our standard.

1534. So that there is an emulation among your profession to produce gas cheaply?—Yes; but some of them say we do not care anything about the public or the price either.

Monday, 7th June 1875.

MEMBERS PRESENT :

Mr. Bristowe.
Mr. John G. Talbot.

Mr. Birley.
Mr. Thomas Brassey.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

7 June 1875.

Chairman.] BEFORE we begin, I would just make one remark in reference to the question which I asked on Friday, as to whether the Promoters were intending to call the Commissioners or any of the Government officers; I understood that they were not; and I do not hear that any of the opponents will call them. The Committee have been thinking the matter over; and as there has been so much in the evidence with regard to the Commissioners, we feel for our own guidance that it will be necessary to call them, or at least one of them. We also think that there would be an advantage, as they are Government officers, in their not being called by either party, but in their being called by the Committee for their own guidance. Therefore, I may state that we do intend to call some evidence of that nature, one of the Commissioners at any rate, after the Promoters and the opponents have finished their evidence.

Mr. Serjeant *Sargood.*] We sympathise with what the Committee have said, that with regard to the official witnesses it would be better that they should not be witnesses of either side; but as it may be necessary to elicit certain facts both sides should have an opportunity of putting questions to them.

Chairman.] I imagine that the course to be followed will be for the examination to be from the chair at first, and then either through me, or in some other manner questions could be put by either side. The Chairman must exercise some sort of control over the questions that are put.

Mr. Arthur Gunn, sworn; Examined by Mr. Cripps.

Mr. A. Gunn.

1535. You are the Accountant of the Metropolitan Board of Works, are you not?—Yes.

1536. I believe that you have for some time past given particular attention to the accounts and to the finances of the metropolis gas companies?—I have.

1537. You were examined, I believe, in both the years 1873 and 1874 before the Commissioners with regard to the finance of the metropolis gas companies?—I was.

1538. I think you have made an estimate of the population of the districts lighted by the different gas companies?—I have done so, but it can only be taken as an approximate return based upon the census of 1871. It will be recollected that the census is a night census in the City, and therefore the figures are after all probably not of very great use.

1539. This is as near an approximation as you could arrive at to the population dependent upon the different companies?—Yes.

1540. Will you be kind enough to tell the Committee the way in which you have arrived at this; upon what bases you made it up?—The Committee, I understood wished this return to be made in the best way possible, and the only

only mode possible is to take the parish or the district through which the gas company runs and the population as near as possible as given in the census; where one parish is lighted by two companies, we have had to make the best division we could.

Mr. A. Gurn.

7 June 1875.

1541. That has been done here?—Yes; the total is only 3,206,812; that is not quite the total population of London; but then it must be recollected that Woolwich and some other parts of the metropolis is outside the boundary of the metropolis gas companies.

1542. How does it work out as to the population supplied by the different companies?—The Chartered Company is 572,907; the London is 218,723; the Imperial is 1,001,336; the Independent is 182,159; the Commercial is 329,316; the Ratcliff is 62,474; the Phoenix is 481,301; the South Metropolitan is 176,510; and the Surrey Consumers 182,086. The total is 3,206,812.

1543. Of which the Imperial supplies about one-third of the whole?—According to my statement; but there again you must bear in mind that the day population of the City being left out, it does not give at all a fair estimate of what the relative population is lighted by the Chartered and the Imperial. The census is taken at night when the City is nearly empty, The Chartered supply the City only.

1544. *Chairman.*] This is the population living in the district?—Living in the district.

Mr. Cripps.] It is taken from the census which is taken from the number of persons sleeping on a particular night in that place. It makes the sleeping population of the City less than its real population, because there is a large population by day which does not sleep there; that would make the Chartered Gas Company who supply the City appear smaller in its number than what the number really is that it supplies daily.

Chairman.] On the other hand, may it not be the case that a great number of gas consumers leave the City, and go home to the places where they live, and use gas after their return home.

Mr. Cripps.] They may use this gas, or they may live out of the metropolis.

Mr. West.] They use our gas while they are in the City.

1545. *Chairman.*] Have you any estimate of the quantity of gas sold by each company?—I have in the next Paper.

Mr. Cripps.] At present we will put in the Paper, assuming that it is not strictly accurate, but that it is the nearest approach to accuracy that we can get.

[The following Return was delivered in:—]

METROPOLITAN BOARD OF WORKS.

Spring Gardens, S.W., 3 June 1875.

STATEMENT showing (approximately) the Population of the Districts Lighted by the following Gas Companies.

(Based on the Census Returns of 1871.)

Chartered Gas Company	-	-	-	-	-	-	572,907
London Gas Company	-	-	-	-	-	-	218,723
Imperial Gas Company	-	-	-	-	-	-	1,001,336
Independent Gas Company	-	-	-	-	-	-	182,159
Commercial Gas Company	-	-	-	-	-	-	329,316
Ratcliff Gas Company	-	-	-	-	-	-	62,474
Phoenix Gas Company	-	-	-	-	-	-	481,301
South Metropolitan Gas Company	-	-	-	-	-	-	176,510
Surrey Consumers Gas Company	-	-	-	-	-	-	182,086
TOTAL	-	-	-	-	-	-	3,206,812

Mr. A. Gunn.

Witness.] This Return of the quantity of gas shall go in.

7 June 1875.

1546. *Chairman.*] Just read it out?—"The quantity of gas in thousands sold by the companies in 1869, 1870, 1871, 1872, 1873, and 1874;" and then, in the column at the end, is "The Amount in Pounds of 1 *d.* per One Thousand Feet," produced by each company.

[*The same was delivered in, and is as follows:—*]

METROPOLIS GAS.

QUANTITY of GAS in Thousands sold by the Companies.

	1869.	1870.	1871.	1872.	1873	1874.	Amount in Pounds of One Penny per 1,000 Feet.
Gaslight - - -	1,285,602	2,353,577	3,183,777	3,441,724	3,914,973	4,167,008	17,362
City of London - -	533,661						
Great Central - -	465,667						
Equitable - - -	398,841						
Western - - -	455,432	507,971	591,680				
Imperial - - -	2,868,999	3,000,300	3,272,482	3,319,818	3,526,215	3,604,765	15,020
Commercial - - -	659,262	679,527	722,435	759,963	771,705	824,010	3,433
Independent - - -	440,658	453,461	480,201	459,171	481,679	490,000	2,042
Ratcliff - - -	147,228	153,739	168,244	177,770	183,915	195,384	814
London - - -	822,852	855,949	868,810	898,948	938,512	1,012,396	4,218
Phoenix - - -	962,004	1,018,333	1,072,348	1,096,594	1,198,012	1,275,057	5,313
South Metropolitan -	534,246	554,968	606,882	628,168	693,614	756,622	3,153
Surrey Consumers -	311,405	324,808	349,355	370,129	374,048	381,354	1,589
TOTAL - -	9,885,857	10,350,379	11,316,214	11,152,285	12,082,673	12,706,596	52,944

1547. *Mr. Cripps.*] There is another table which it might be convenient to put in with reference to the share capital of the companies. Have you got that table there?—Yes.

1548. And it shows the maximum dividend to which the share capital is entitled?—Yes. This is a Return of the share capital of the companies actually called up on the 31st of December last, totalling the amount raised at the respective rates per cent. in all the companies. The first item will illustrate that. There were 5,577,968 *l.* in existence at a maximum dividend of 10 per cent., and raised by all the companies. Then there was 500,000 *l.* at a maximum preference dividend of 10 per cent. of the Chartered Company, and 750,000 *l.* raised by the Chartered at 5 per cent. preference, but with the option of conversion to ordinary stock with a maximum dividend of 10 per cent.

1549. *Chairman.*] In a certain time?—Yes.

1550. *Mr. Bristowe.*] At the option of the holders?—Yes, at the option of the holders.

1551. Take first the 500,000 *l.*; which has preference over the other, the 750,000 *l.* or 500,000 *l.*?—The 500,000 *l.* was raised before all this latter capital was raised. Then there was 258,000 *l.* at 7½ per cent. under the Independent and Phoenix Companies; 1,169,000 *l.* at 7 per cent., that is the Imperial capital; 308,000 *l.* preference 6 per cent. of the London; 26,750 *l.* 5 and 6 per cent. *debenture*

debenture stock of the London; 174,000 *l.* 5 per cent. of the Independent and Phoenix; 100,000 *l.* 4 per cent. of the Chartered; and 15,350 *l.* 6 per cent. preference, with option of conversion, of the London. Then there was also a loan capital at various rates from 4 per cent. to 5 per cent. (including bonds for capitalised profits in the Imperial Company of 130,000 *l.* at 10 per cent.) of 1,734,000 *l.* On the same date there was also a further capital not called up, on which a maximum dividend may be allowed as follows: 10 per cent. on 1,168,832 *l.*, 7½ per cent. on 162,000 *l.*, 7 per cent. on 130,045 *l.*, 6 per cent. on 141,320 *l.*, making a total share capital of 1,602,197 *l.*, and a power to issue further loan amounting to 292,312 *l.*, making a total of 1,894,509 *l.*

Mr. A. Guise.

7 June 1875.

[The same was delivered in, and is as follows:—]

GAS CAPITAL.

The share capital of the companies actually paid up amounted on 31st December 1874 to 8,880,703 *l.*, and on this the maximum dividends varied as below:—

Amount.	Maximum Dividend.	What Companies.
£.		
5,577,968	10 per cent. - - - - -	All the Companies.
500,000	10 " - - - - -	Chartered (Preference).
750,000	5 per cent. preference, with option of conversion in a certain time to ordinary stock, with a maximum dividend of 10 per cent.	Chartered.
258,000	7½ per cent. - - - - -	Independent and Phoenix.
1,169,995	7 " - - - - -	Imperial.
308,680	6 " - - - - -	London (Preference).
26,750	5 and 6 per cent. - - - - -	London (Debenture).
174,000	5 per cent. - - - - -	Independent and Phoenix.
100,000	4 " - - - - -	Chartered (Old City of London).
15,350	6 per cent., with option of conversion -	London (Preference).
£. 8,880,703		

There was also a loan capital at various rates, from 4 to 5 per cent. (including bonds for capitalised profits in the Imperial Company of 130,000 *l.* at 10 per cent.) of 1,734,512 *l.*

On the same date there was also a further capital not called up, on which the maximum dividend may be as follows:—

Maximum Dividend allowed.	Amount.
	£.
10 per cent. - - - - -	1,168,832
7½ per cent. - - - - -	162,000
7 per cent. - - - - -	130,045
6 per cent. - - - - -	141,320
Share capital - - - - -	1,602,197
Loan - - - - -	292,312
	£. 1,894,509

Note.—The capital of the Independent Company, whose accounts are not ready for 1874, is entered as it existed at the close of 1873.

Mr. A. Gunn.

7 June 1875.

1552. Mr. *Cripps*.] Does the debenture capital not called up include the capital authorised where part of it has been called up?—Yes.

1553. And does it also include capital authorised, none of which has been called up?—Yes.

1554. It includes some of both?—Yes.

1555. There is, in fact, some further capital which is authorised, and of which 2, 3, or 4 per cent. has been called up upon the shares, and some capital upon which nothing has been called up?—Yes.

1556. *Chairman*.] I understand that the first Table, the total of which is 8,880,703 *l.*, includes all the capital called up; does it include all the share capital?—All the share capital and nothing else; not the loan capital.

1557. The Table at the head of your Paper, in which the total is 8,880,703 *l.*, represents all the share capital that has been called up, and does not represent anything but share capital that has been called up?—That is so.

1558. I see in that one small sum of 26,750 *l.*, which would appear not to be share capital but debentures; are there any other debentures except the 26,000 *l.*?—I believe not.

1559. Why have you included that 26,000 *l.* in the share capital?—I may explain that in the accounts of the metropolitan gas companies, as presented to Parliament and published in the Parliamentary Paper which I hold in my hand, the one presented to the House of Commons on the 4th of June 1874, there is a distinction drawn between stock and share capital existing at each date, and loan capital existing at each date; and in the case of the London Gaslight Company the debenture stock alluded to there is brought under the heading of stock and share capital.

1560. Mr. *Cripps*.] That is what you call debenture stock?—Yes; from this Paper you see that there is a further share capital not called up of 1,602,197 *l.*, and a further loan capital not called up of 292,312 *l.*

1561. Did you attend the meeting before the Commissioners in the year 1873?—Yes.

1562. That was an application by the Chartered Company, was it not?—By the Chartered Company.

1563. What was it the Chartered Company asked from the Commissioners in that case?—They asked for an increased price of 1 *s.* 2 *d.* per 1,000 feet, and the Commissioners sanctioned 7 *d.* increase on the common and 10 *d.* on the cannel coal, and this increase was to cover everything.

1564. Was that an increase for the purpose not only of making up their 10 per cent. dividend, but did it also include what was necessary to make up the insurance fund?—Yes, a sum of 29,024 *l.*

1565. Was that 29,024 *l.* 1 per cent. upon the capital of the company?—Yes.

1566. That was all they would have power to put to the insurance fund in an ordinary year, supposing there had been no application to the Commissioners?—Yes.

1567. Did the Commissioners in any way, in making their reward, allocate specially any sum as an insurance fund?—They did not allocate it specially.

1568. In their memorandum they have spoken of that?—They included the amount.

1569. It is at page 10 of the Blue Book, paragraph 15. Just read it from the book?—"The Commissioners included the sum of 1 per cent. for an insurance fund on a capital of 2,902,471 *l.*"

1570. That would be an amount of how much?—£. 29,024.

1571. But they made no provision in the Report that that should be carried to any particular fund?—No, none whatever, unless the dividend were paid first.

1572. Then when they come to pay a dividend, with the amount given to them by the Commissioners, they had 29,000 *l.*?—

Mr. Serjeant *Sargood*.] I object to this being put in the lips of the witness. The Commissioners never did give any amount of money. They made a calculation of figures and they gave a price. The constant habit of the consumers is to talk of a lump sum of money as having been voted to us by the Commissioners. They do not do anything of the sort.

1573. Mr.

Mr. A. Gunn.

7 June 1875.

1573. Mr. *Cripps*.] We have from the Commissioners' own Report, that they did give 1 per cent. upon the capital, and we have got the fact that 1 per cent. upon the capital amounts to 29,024 *l.* (To the *Witness*). You say that there is nothing in that Report before you which compels the Company to deal with that 29,000 *l.* in a different way from the way in which they would deal with the amount given them to make up the 10 *l.* per cent. upon the capital :—No ; there is no specific allocation of that 29,000 *l.*

1574. At the end of the year you are aware of the state of their account as the result of what had been given them by the Commissioners ?—Yes.

1575. They applied again in the following year, did they not ?—Yes.

1576. Applying again in the following year, their accounts of the year before were all before the Commissioners ?—They were so.

1577. Can you tell me what they had done in the year of 1873 with the amount given to them ?—

Mr. Serjeant *Sargood* objected to the question, and was heard in support of his objection.

Mr. *Cripps* was heard in support of his line of examination.

1578. Mr. *Cripps* (to the *Witness*).] You have told me that the amount added to insurance fund, or which was given them in reference to the insurance fund, was 29,024 *l.* ?—Yes.

1579. Was that in addition to what had been given to them to make up their dividend of 10 per cent. ?—

Mr. *West* objected to the question.

1580. Mr. *Cripps*.] I was asking you when the objection was made, about the result of the accounts which show the working of the Chartered Gas Company during the year 1873, after these amounts had been declared to be given them ?—Yes.

1581. At the end of that year in which those two amounts were given, did they carry any of that 29,024 *l.* to the insurance fund, to which it was to be applied under the words you read just now ?—

Mr. Serjeant *Sargood* objected to the question on the ground that there was no evidence yet that the fund existed.

Mr. *Cripps* was heard in support of his question.

Chairman.] It seems to me that Mr. Serjeant *Sargood*'s objection would have come out very well in cross-examination. It is very difficult for the learned Counsel to agree exactly on the manner in which they should each put their questions.

1582. Mr. *Cripps*.] Was any part of the 29,000 *l.*, and, if so, what part carried to the insurance fund in the accounts of the year 1873 ?—No part of the 29,000 *l.* was carried to the insurance fund.

1583. What was the total amount from all sources carried to the insurance fund in the year 1873 ?—Nothing was carried to the insurance fund ; there was a balance at the end of the year of 209 *l.* on the revenue account, the account of net profits for the year, and that 209 *l.* was carried on to the year 1874.

1584. That was the only sum which could have been carried to insurance fund in any way, or that remained, 209 *l.* ?—Yes, after paying a dividend of 10 per cent.

1585. The whole amount of increase obtained through the intervention of the Commissioners was absorbed in paying the 10 per cent. dividend and the loan ?—Yes.

Examination continued by Mr. *Philbrick*.

1586. As I understand you, the working in 1873 shows that after payment of the 10 per cent. dividend there was a balance of 209 *l.* over, which was carried forward to the next year ; but no sum was appropriated to the insurance fund ?—No.

1587. Now at page 10, paragraph 20, of the Report of the Commissioners, we find this : " We disallowed 5,000 *l.* included in the company's estimate for expenditure for expenses ;" was that a sum which the company estimated they

Mr. A. Gunn.
7 June 1875.

wanted to make up amongst other things?—The company included it in the deficiency of the year in the statement they presented to the Commissioners, and the Commissioners did not increase the price of gas to cover that amount.

1588. There was a disallowance of the sum of 5,000 *l.* mentioned in that paragraph, which was the sum set by per annum on amalgamation with the Great Central Company?—Yes.

1589. That was to make up the defalcation of a person who had been in the company's employ?—Yes; Higgs's defalcation.

1590. At that time the Great Central Company came under the wing of the Chartered Company by the process of amalgamation?—Yes.

1591. And they have provided that a sum of 5,000 *l.* a-year should be set apart to raise a fund to meet the deficiency caused by the frauds of Higgs?—Yes; it was raised on the dividend account.

1592. And the company brought forward that as an item of deficiency, in respect of which, amongst other things, they wanted the Commissioners to give them the increased price?—Yes, they did so.

1593. The provision being in the Act of Parliament that it should be a charge upon dividend?—That it should be a charge upon the dividend account.

1594. Then the Commissioners, I see by paragraph 20, disallowed that?—They disallowed it.

1595. And they did not increase the price by reason of that. Now we come to 1874. The same Chartered Company came again for a revision of price, did they not?—Yes.

1596. They wanted 5*s.* 2*d.*?—Yes.

1597. When they put that estimate before the Commissioners, let me ask you first of all this: there was the 209*l.* balance, which had been carried over from the last year?—Yes.

1598. And nothing was carried to the insurance fund in 1873. But what had been done with reference to this 5,000 *l.*, which ought to have been borne out of dividends? You will find this at page 239; this is the statement of the estimate of expenditure for 1874, and then, on page 238 is the statement of what actually occurred in 1873; you have got these figures there?—Yes.

1599. You get a comparison between what was estimated, and what the result turned out to be?—Yes.

1600. This is a statement furnished by the company, and placed before the Commissioners when they came on the second revision?—This is the statement of the company, in reply to Question 98 of the Revision Commissioners.

1601. There it showed that the estimated income from the sale of gas was 780,000 *l.*, and in reality it turned out to be 928,000 *l.*?—No, it is not quite so. You see the 780,000 *l.* is at 4*s.* 1*d.* per 1,000, and the actual income of 928,000 *l.* includes the improved price which was given by the Commissioners.

Chairman.] It is the difference between 4*s.* 1*d.* and 4*s.* 8*d.* or 4*s.* 9*d.*

Mr. Serjeant *Sargood.*] The first column was our original estimate of what we could get at the greater price; the second column shows the absolute price which we did get with the benefit of the increase; the first being the estimate, and the second the Commissioners' price.

1602. Mr. *West.*] These documents are put in in answer to the requisition of the Metropolitan Board by the Commissioners?—Looking through the accounts of 1873, I observe that the company have paid a 10 per cent. dividend, and that they have also charged to the net earnings account the sum of 5,000 *l.* to carry to the defalcation account. And that 5,000 *l.* having been disallowed by the Commissioners, it seemed to me at any rate a little curious to pay out 5,000 *l.* from the net earnings account without carrying anything whatever to the insurance fund of the same year.

1603. Mr. Serjeant *Sargood.*] Will you show me where the 5,000 *l.* is in this account; I do not see it at all?—It is not in that account at all.

1604. Mr. *Philbrick.*] Nothing was carried to the reserve fund; they did not put

Mr. A. Gunn.

7 June 1875.

put this before the Commissioners, but, in point of fact, when you look at the company's accounts, as audited by the Government auditor, you see they have, out of the earnings of the year, put 5,000 *l.* to cover this defalcation account?—Yes.

1605. So that, in effect, although it did not appear in this account, you would have said that it should have gone to the reserve fund?

Mr. Serjeant *Sargood*.] That 5,000 *l.* is dealt with under the Act of Parliament; our hands are tied, and the auditor has found that we have dealt with it properly. Surely this Committee is not going to re-audit the accounts.

Mr. *Philbrick*.] In point of fact, do the accounts show this; that there was a sum of 5,000 *l.* earned upon the increased price?

Mr. Serjeant *Sargood*.] Let the witness point it out in the accounts.

1606. *Chairman*.] I see on page 10 these words: "We disallow the sum of 5,000 *l.* included in the company's estimate of expenditure for defalcations?—Yes.

1607. Is there in this Report any account in which that 5,000 *l.* is included?—I think I can show you that. I think in 1874 the accounts of the company were laid before the Commissioners.

1608. Mr. *Philbrick*.] Yes, they were?—On page 255 is the first half-yearly account of the Chartered Gas Company for 1873. No. 5 Account there is the net revenue earnings of the company. The fourth item on the debtor side is 2,500 *l.*; that was the half-yearly amount which had to be carried to the defalcation account.

1609. *Chairman*.] And is that the half of the 5,000 *l.* which is afterwards disallowed by the Commissioners?—It was previously disallowed by the Commissioners.

1610. Is that 2,500 *l.* half the 5,000 *l.* which was disallowed by the Commissioners?—Yes. This at once shows the disadvantage under which we labor, and the disadvantage, to some extent, of the Commission. The Commissioners disallow a certain sum of 5,000 *l.*, but they have no power afterwards, if the company carries it to defalcation account, to say that the company has acted in contravention of what the Commissioners did. The point was brought up before the Commissioners in 1874; and, according to the scheme under which the amalgamation took place, this 5,000 *l.* is to be carried to defalcation account before payment of the ordinary dividend; and, although the Commissioners had disallowed the sum, still the thing had been done, and, when pointed out to the Commissioners in the following year, 1874, nothing could be done in the matter.

1611. Mr. *Philbrick*.] That is to say, the insurance fund was not filled to the extent of that 5,000 *l.*, and, consequently, a gap in the insurance fund was again a matter to be filled by the Commissioners in estimating the price in 1874?—Yes.

1612. And they could not say you ought to have paid the 5,000 *l.* out of your dividend, and have your insurance fund to that extent fuller?—They could not say that, and did not say it.

1613. So that the practical effect was, that it was not taken out of the dividend which the shareholders were to have received?—It was not.

1614. *Chairman*.] Turning to page 238, I find on the right hand side a balance carried to net revenue of 295,200 *l.*?—Yes.

1615. How far was that 295,200 *l.* affected by the disallowance of the 5,000 *l.*?—First, out of that 295,000 *l.* the preference dividend would be paid; secondly, the 5,000 *l.* necessary to be carried to the defalcation account would be paid, and then the company divided their 10 per cent. ordinary dividend; but by that machinery the disallowance of the Commissioners at the beginning of the year really was non-effective.

1616. Then I understand what you state is this, that notwithstanding we find in page 10, "the Commissioners disallow the sum of 5,000 *l.*," yet, in spite of that, the 5,000 *l.* was paid, and the balance was so much less than it otherwise would have been?—Yes, it was.

Mr. A. Gunn.
7 June 1875.

1617. Mr. *Philbrick*.] So that the effect of the disallowance by the Commissioners was a mere nullity?—Yes.

1618. Mr. *Philbrick*.] As you attended the revision of 1874, you can say whether that point was taken about the fact of the 5,000 *l.* not being allowed to swell the price; was that point taken both by the Metropolitan Board of Works and the Corporation of the City of London, who appeared on the revision?—Yes.

1619. And was it taken ineffectually?—Yes, ineffectually, on account of the Commissioners not being able to deal with it.

Mr. *West*.] I ask that the part of the evidence before the Commissioners should be referred to.

The Witness.] It is on page 422 of the Blue Book.

1620. Mr. *Philbrick*.] In 1874, at the revision, the price asked for was 5*s.* 2*d.*, and the price awarded by the Commissioners was 5*s.* Now then you come to the actual facts, as appears by the companies' own published accounts; will you tell us what the result was?—A sum of 31,500 *l.*, which was 1 per cent. on the capital of the company, was again included in the increase of price; the 31,500 *l.* to be carried to the insurance fund. To that insurance fund nothing had been ever carried before from the resources of the Chartered Company. There was a sum in it of some 30,000 *l.*, which was carried from the Equitable reserve fund when the amalgamation took place between that company and the Chartered, and, owing to the revision clauses, the price of gas in a very dear year was increased again to include the amount that should be carried to the insurance fund, when during prosperous years nothing whatever had been carried to the insurance fund.

1621. You have carefully looked at both the estimate that the company put forward and the estimate on which the Commissioners based their increased price; tell us how the thing worked out?—I will give you the result of the year 1874. The proceeds of that year, 1874, were better than the company anticipated by some 75,000 *l.*; the company had estimated the increase of price awarded as only yielding them a surplus of something like 4,000 *l.*, and in reality it yielded a surplus of 79,000 *l.* or nearly 80,000 *l.*; it was not quite that amount over what the Commissioners estimated it at. The Commissioners did not altogether endorse the figures of the Chartered Company in 1874; they made certain deductions; but there is no opportunity of seeing what actually those deductions were, because in the memorandum for 1874 there was no particularisation made, as there had been in 1873.

1622. They disallowed some increase in the price of coal; they did not quite go to the extent the company estimated. and they thought the sale of gas would have been better than the company estimated, but they did not say what figure?—The company had estimated the price of coal at a larger amount than it actually worked out at, and the Commissioners cut down the estimate for coal by a certain sum, probably about 25,000 *l.*

1623. The particulars of that amount are not before you or before us, because the Commissioners do not state it?—The Commissioners do not state exactly what they reduce the cost by.

1624. The result of the year's working, as compared with what the Commissioners said they were bound to allow, gave to the company upon the price allowed how much actual excess?—It was larger than the actual estimate by 48,000 *l.*; larger than the sum needed for a full dividend and the insurance fund by 48,000 *l.*

1625. So that the full dividend of 10 per cent. was paid, and 35,500 *l.* was carried to the reserve fund, and made it full, and then there was an estimated sum of 48,000 *l.* over in hand?—£. 48,000 it would have been but for the 5,000 *l.* which was again carried to the defalcation fund, making it 43,000 *l.* There was that balance left at the end of 1874, which was brought over to the credit of the year 1875.

1626. Under that scheme, that 5,000 *l.* is an annual payment, and after providing for that out of the 48,000 *l.* there is 43,000 *l.* to go to the credit of actual and divisible profits for the year 1875, the present year?—Yes.

1627. And in that year the company gave no notice of an application for an increased price?—No.

Mr. A. Gunn.

7 June 1875.

1628. The effect is that the price goes back to 3 s. 9 d. for this year?—Yes; the amount by which the coal estimate is cut down is not stated, but we have a paragraph in the Commissioners' award showing that they did disallow the amount; they say, "Having regard to the fact that the price of coal in 1873 was considerably above the average price of the preceding period of seven years, and was continuously falling throughout the year, and to other considerations, we think that with due care and management the company would have left a larger proportion of the required coal uncontracted for, and would thereby, in the events which have happened, have saved the consumers a considerable sum. We accordingly deduct a sum from the company's estimated outlay for coal in 1874, or, in other words, in arriving at the price of gas, we disallow that sum as an outgoing of the company; we also put on the quantity of coal left uncontracted for a somewhat lower price than that estimated by the company."

1629. There is also a dispute as to what will be the actual increase in the sale of gas during the year; the company estimated what?—Between $1\frac{1}{2}$ and 2; about 2 per cent.

1630. The Commissioners allowed $2\frac{1}{2}$ per cent.?—Yes.

1631. What was the estimate on the part of the Board?—Five per cent; and the result was more than 5 per cent. increase.

1632. That would contribute to make the 48,000 l.?—Yes.

1633. Therefore beyond what was required to pay the full dividend of the company, what was the price of gas in excess?—The price of gas in excess of what was required to pay the dividend alone, was $4\frac{1}{2}$ per 1,000.

1634. But if an insurance fund of 31,000 l. had also to be filled up, the price in excess would be $2\frac{1}{2}$?—Two and three-quarters.

1635. On what was paid by the consumers during the year?—Yes.

1636. And therefore had they been able to foresee the result from the beginning, and had they been able accurately to predict the working, $2\frac{1}{2}$ more was granted than was absolutely needed?—Yes.

1637. *Chairman.*] Had they got the same figures at the close of the year?—In the previous year the whole of the amount granted was absorbed to pay the full dividend, except the 209 l. at the end.

1638. Am I right in supposing that the estimate was, as nearly as possible, a correct one in 1873, but that it was an over-estimate in 1874?—In 1873 there was 29,000 l. provided by the Commissioners, yet after the dividend was paid there was not 29,000 l.

1639. Therefore it is open to the company to say, if the Commissioners had made the gas higher, it would have been correct if there had been 29,000 l. left; but on the other hand it is said, on behalf of the consumers, that there is no sort of pledge for due care and management when a sum of say 30,000 l. is put on to the increased price, and the company is not bound to allocate it, and that it becomes an additional provision in reality.

1640. Taking the payment of the 10 per cent. dividend the estimate of 1873 enabled that to be done with a very trifling and unimportant difference?—It did so.

1641. The estimate for 1874 enabled it to be done, and to leave a surplus of how much?—£.43,000.

1642. *Mr. Brassey.*] When the price in any one year is in excess of the sum required to pay 10 per cent., does not the consumer derive the benefit of that in the following year?—He might; the price might not be increased.

Mr. Philbrick.] It goes to the credit of the divisible profits of the next year.

1643. *Mr. Serjeant Sargood.*] And now, therefore, we charge 3 s. 9 d.?—And the fact of 30,000 l. having been put on each year in price gives the company an absolute guarantee without any due care and management to earn a dividend to that extent.

1644. *Mr. Philbrick.*] So that it formed a sort of compensating balance which might redress any error which the Commissioners might make on the one hand, or any slackness in proper care and management of which the company might be guilty on the other?—Yes.

1645. To that extent they got a pad between them and the amount which the Commissioners had given?—Yes.

Mr. A. Gunn.
7 June 1875.

1646. Mr. *Brassey*.] Then as to the allowance, or fall off of any particular items in the account, is it not the case that the price the consumer has to pay must be enough to pay all the outgoings of the company, plus a sum sufficient to provide a dividend of 10 per cent.?—Yes.

1647. That is always so?—Yes.

1648. Therefore, the consumer is not specially interested in these minute questions of amount which are at issue between the Commissioners and the companies?—Yes, he is in this way; in an ordinary year a gas company says, we can, the price being at 3 s. 9 d., earn enough to pay our 10 per cent. dividend. They would provide nothing for the insurance fund, because they are not bound to carry anything to the insurance fund, unless it is earned over and above 10 per cent. But in a full year, when they are before the Revising Commissioners, they positively include the 1 per cent. for the insurance fund, so as to raise the dear price of gas in that dear year by an amount which shall cover the estimated contribution to the insurance fund. When that has been included in the estimate, they are not bound to carry it to the insurance fund. Supposing from any slackness of management the earnings do not come out as well as they should have done, that sum which originally was intended to go to the insurance fund helps the dividend, because it is not carried to the insurance fund till they have divided 10 per cent. dividend.

1649. If in a dear year no appropriation is made to the insurance fund, it is to that extent a relief to the consumers?—But the Commissioners are bound to include it. That question was raised before the Commissioners, and they had no option in the matter.

1650. Mr. *Philbrick*.] Supposing the insurance fund had once attached the 5 per cent., then, whether the year were a good year or a bad year, no charge could be made in respect of it?—No.

1651. *Chairman*.] What you mean is this, is it not, that if there had been no legal power given to go to certain gentlemen to revise the prices, the company would have thought themselves very well off if they, in a dear year, got that 10 per cent. dividend, without saying a word about the reserve fund?—Yes.

1652. But inasmuch as there is a power of going to the Commissioners, and the Commissioners have to include that in their estimate, they contrive to get a price from the public which enables them in a dear year to add something to the reserve fund?—Yes.

1653. Mr. *Brassey*.] Do the companies set apart anything for depreciation?—I cannot speak as to that.

1654. If they do, then the consumer would have to pay so much more, would he not?—If there is a regular sum to go to depreciation every year.

1655. That would add to the price of the gas?—Yes.

1656. Mr. *Philbrick*.] In the working expenses of the companies for each year, wear and tear and renewals are charged?—Yes.

Mr. *Serjeant Sargood*.] Depreciation, in the sense in which you have applied it, is only used by us as applicable to leasehold properties, and not to plant.

Mr. *Brassey*.] They charge in each year what is actually due to repairs, and so forth.

Mr. *Serjeant Sargood*.] Yes.

1657. Mr. *Philbrick*.] The supposition being always that the companies, by their working, keep the plant in an available state?—I suppose that is it. I have no information upon the subject.

1658. You have told us about the revision of the Chartered in 1873, and what happened in 1874. It is fair to take the other company with them. The Imperial came in 1874?—Yes.

1659. They asked for 4 s. 11 d.?—Yes, and they got 4 s. 8 d. And in the case of the Imperial Gas Company, the question of the contribution to the reserve fund was even of greater importance than that of the Chartered, as the reserve fund of the Imperial is a fixed amount of 81,250 l.; and if the company cannot make up its 10 per cent. in the year, they may draw upon that reserve fund so

long

Mr. A. Gunn.

7 June 1875.

long as there is anything there; and when they come before the Revising Commissioners, not only is the price of gas raised, so as to cover the cost of coal and all the outgoings of the year, and the maximum dividend, but it is also raised to fill up the reserve fund to the full amount of 81,250 *l*. In the three prior years, 1871, 1872, and 1873, this reserve fund had been drawn upon to make up the dividend; and then, in the year 1874, there was a sum of 53,302 *l*. charged on the consumers of 1874, to make up what had been taken out of that fund during the three prior years; raising the price of gas again in a dear year by 3½ *d*., from 4 *s*. 4½ *d*., which was all that would be required, but for the reserve fund, to the price of 4 *s*. 8 *d*. There again, without the Revising Commissioners, the company in the price of the year, would never have included that amount for this reserve fund; they would have said, if 4 *s*. 4½ *d*. is sufficient for us to earn a dividend over and above defraying all the costs, we shall not include in our estimate anything for a reserve fund; but coming before the Revising Commissioners, a sum of 53,000 *l*. had to be put upon the cost of the year.

1660. Was the result in the Commissioners' judgment, or does the price which the Commissioners allowed in 1874 to the Imperial, work out so much in favour of the company as the price they had allowed to the Chartered?—No, it fell short by 28,000 *l*.; the surplus which they had at the end of the year, instead of being 48,000 *l*., was only 20,000 *l*. odd.

1661. Then there was a surplus after paying the maximum dividend which the Imperial shareholders had the right to get, and after taking or carrying to the credit of the reserve fund, how much money?—There was 20,782 *l*. left to be carried to the reserve fund.

1662. So that the reserve fund was not quite filled?—It was not filled.

1663. It only had the benefit of 20,000 *l*. odd instead of the 53,000 *l*. odd which was wanting at the commencement of the year to bring it up to the full amount?—I take it for granted that that amount would be carried to the reserve fund; but that is all that is left to carry to the reserve fund.

1664. So that the price estimated by the Commissioners and mentioned in their memorandum, did not, in the actual working of the year, leave them with their dividend at the maximum amount of 53,000 *l*.; it left them 33,000 *l*. short?—The Commissioners had not made it quite 53,000 *l*.; there was a balance of 5,000 *l*. odd struck off, making it 48,000 *l*.

1665. Looking at these cases in 1874, both of the Imperial and the Chartered, as I understand you, looking at the price allowed, the dividend was safe at the maximum?—The dividend is perfectly safe; it seems to me that there is no room left for sort of wisdom on the part of a company, which is necessarily part of good management in any commercial undertaking; because the dividend is made sure to the extent of the amount carried to the reserve fund.

1666. Let me just ask this; of course I cannot ask you upon the Bill that is before the Committee to give a practical opinion on questions of gas management; I can only ask as to questions of figures; but, looking at the figures of the capital which you have given the Committee, and the amount required to pay the maximum dividend upon that capital; at a price of 3 *s*. 9 *d*. on the sale of gas in the metropolis, would the companies, so far as the matter of figures is concerned, be able, in your judgment, with due care and management, to earn the maximum dividend?—I have no power of answering that question.

1667. It involves a question of gas engineering which you cannot answer?—No.

1668. As a matter of figures, the amount to pay the dividend on the sale of gas can be calculated easily?—Yes.

1669. Now, as to the capital generally, which, of course, has to be provided for, it is a very important element; can you give the Committee what the figures are as to the amount of capital employed per ton of coal carbonised, comparing the present year or last year with 1869, for instance?—The capital of the Chartered Company and of the companies amalgamated with it, has increased per ton of coal carbonized from 7 *l*. 6 *s*. 10 *d*. in 1869, to 8 *l*. 8 *s*. 1 *d*. in 1874, and for 1,000 feet of gas sold, from 7 *s*. 4½ *d*. in 1869, to 19 *s*. in 1874.

1670. The capital being so much higher in 1874, according to the coal used, and according to the gas produced, something is due to the expenditure of the company at Beckton; there are new works?—Yes, owing to the policy of taking

Mr. A. Gunn.
7 June 1875.

gas-works out of town; but still what the gas consumers wish to see is a stimulus given, as there is in ordinary commercial undertakings, to keeping down the issue of capital, and from the present state of things and the present machinery, there is, no doubt, a positive encouragement given to the creation of new capital.

1671. That is to say, you would overweight your trading concern supposing you were a private trader?—If you overweight your concern as a private trader, you suffer from it, and your profits are less, but by the machinery of the Revision Commissioners, supposing for a moment, which I do not allege, that the gas company was overweighted with capital, they would lose nothing, because they would come to the Revision Commissioners, and say, We ask that the 10 per cent. dividend may be made good on all this capital, besides allowing us for the cost of the manufacture of gas during the year.

1672. And as at present constituted, the Revision Commissioners would be bound to give them a sum which would insure a dividend upon that capital?—Yes.

1673. The Imperial has increased?—The Imperial has increased per ton of coal carbonised from 6*l.* 6*s.* to 7*l.* 12*s.* in 1874, and per 1,000 feet from 14*s.* 6*d.* to 17*s.* 10*d.*

1674. There is this difference in favour of the Imperial against the Chartered; the Chartered Company says, "Capital paid up and expended;" the Imperial's is, "Capital paid up," so that if it is at the banker's in answer to a call, capital it ranks for dividend?—It ranks for dividend. I think it was not taken into consideration by the Commissioners; they took it for granted that a certain amount of capital was necessary in the case of each company.

1675. So far as figures go, you have had to criticise, on information furnished by the companies, their trading account?—Yes.

1676. With the machinery at command, can you scrutinise their accounts to any appreciable extent so as to produce a useful result?—No; it is exceedingly inconvenient. Take one or two specimens or examples; one item in the gas companies' expenditure is the wear and tear. The wear and tear of the Chartered Company in 1869, under the head of manufacture, was 35,893*l.*; in 1870 it was 35,256*l.*; in 1871, 43,800*l.*; in 1872, 51,200*l.*; in 1873, 69,800*l.*; in 1874 it was estimated at 75,000*l.*, and worked out at 85,000*l.* Then again the wear and tear under the head of distribution (without troubling the Committee with all the figures) in 1869 was 15,400*l.*; in 1873 it was 25,000*l.*; it was estimated for 1874 at 20,000*l.*, and they have actually expended 28,000*l.* Now, taking an item of that kind, it is impossible, with the information that a representative body like the Metropolitan Board has, and calling in the best skill it has at its command to come before the Revising Commissioners and criticise it, because the information is entirely in the hands of the gas company, and there is no sort of proportion between the expenditure of one year and another. Here it is estimated that 75,000*l.* would be expended, and 85,000*l.* is expended; that is just one item which shows the difficulty we have in at all arriving at a conclusion.

1677. Without attributing bad faith to anybody?—Yes. Then again as to such a question as the increase of gas; the increase in the consumption of gas is a very important item, and it amounts to something like about 6 per cent. The normal increase is about 6 to 8 per cent. in some companies, but when one criticises those figures it is altogether founded upon the statements that the gas companies give us; and in the case of the Chartered Company, last year, the figures as they appeared in their accounts seemed to show a certain increase in the consumption of gas in 1873 over 1872; and then coming to 1874, and reasoning upon 1873, there was other information which the Chartered Company had, which we were not in possession of, and which upset to some extent our criticism. There again it is impossible for a body outside the gas company to see clearly what disturbing causes have been at work in affecting the consumption of gas one year as against another year. For instance, I have seen in some of the Chartered Company's reports that they allude to the burning of some large place, or several large places, in the year. I think I saw in their report once the burning of the Opera House, Her Majesty's Theatre: and again, the fire at Saville House, and other large places being burnt, would affect the consumption to some extent, for the time. Now that kind of information we outside the gas company criticising on behalf of the public; cannot have, it is not accessible to us; so that on that very important item it is very difficult to

Mr. A. Gurn.

7 June 1875.

help the Revising Commissioners, and help the consumers. In one year two very large items came out before the Commissioners. In 1872 the strike of the stokers had occurred; that of course affected the expenditure of 1872, and it also diminished the consumption of gas. The gas company, I believe, used its influence in getting public bodies to limit their consumption, to some extent, during the strike, and there was a loss also in the gas manufactured that year. The manufacture did not yield so much gas sold. When we came before the Commissioners, no amount had been included by the Gas Company for the increase in the consumption of gas for 1873, over 1872, under that head; but yet it struck the Metropolitan Board that surely the consumption would be more in 1873 than it was in 1872, because of the stokers' strike; and after the Commissioners had had their attention drawn to it, they inquired into the matter, and Mr. Parkes, the auditor in 1872, put the loss, directly and indirectly together, at as much as 35,000 £, which, of course, would not occur again in the year 1873. Then the question arose as to how much more the consumption would be likely to be, and the profit of 1873 over 1872. Now, the Gas Company had the whole of such information as that at their command, and it was very difficult indeed to bring out a criticism of that sort; but the Commissioners, seeing that which I have stated, disallowed in that year 15,000 £, on account of the strike; that is, they did not allow so much in the price of the year 1873, by 15,000 £, as they would have done, but for that fact having been brought under their notice. Then there was one other item in the same year, the closing of the station at Horseferry-road. In one of the answers given by the Gas Company to the Corporation and the Board of Works, they stated that the Horseferry-road Station would not be required during the greater part of the year, and we deducted some 6 000 £ odd, 6,700 £, from their estimate of the deficiency in 1873, because that station would be closed. Then the Gas Company combated that very strongly before the Commissioners, and it was only by the greatest pertinacity that the 6,700 £ was allowed to stand, and it did stand good. The Commissioners did not allow an increase in the year 1873 by the sum of 6,750 £. But there again it was only by picking the items out, from the information that had been furnished, and standing strongly upon it, that we were enabled to deduct that item. I think those will just show sufficiently that there is a great disadvantage to a body like the Metropolitan Board in criticising the accounts of the companies.

1678. You have, when the Board are exercising their powers of purchase, and so on, a great deal to do with scrutinising the accounts of traders in cases where compensation is claimed?—Yes.

1679. When improvements are carried into effect?—Yes.

1680. Practically, it is possible effectively to criticise the accounts of a trader so as to check him as to the conduct of his own business?—There we have a greater advantage, because we have access to all the books of the business. In the case of a gas company we have no access to their original documents; we simply have the accounts furnished to us by the gas companies. Of course, it will be understood that the greatest courtesy has been shown in answering our questions. It only shows the positive disadvantage under which we labour. Then as to capital, there was a very important fact which came out in the case of the Imperial Company. The Imperial Gas Company had a large unexpended balance at the end of the year 1873, a large floating balance. The company had at the end of 1869 a floating balance of 165,000 £, in 1870 a balance of 177,000 £, and so on. In 1873 it was 307,000 £, and that arose from the fact that late in the year, the 22nd December, their first call had been made upon the new issue of shares, which brought into the balance the unexpended balance at the end of the year a sum of 120,635 £, and although that sum was intact in the balance at the end of the year, yet the legal wording in the Act of Parliament, and the scheme on which the Revising Commissioners would act, the Commissioners were obliged to allow dividends on that capital although it was intact in the balance, and the company in their half-yearly report before that, had said with reference to new capital, "There is still a further sum of 325,000 £, of share capital which the company is empowered to raise under the Act of 1869, and the Directors expect that this additional capital must be issued early in the ensuing year." That is, in August 1872, they anticipated that they would require to issue new capital in the beginning of the year 1874, but they

Mr. A. Gurn.
7 June 1875.

raised it on the 22nd of December 1873, so bringing it into the capital upon which dividend had to be allowed by the Revising Commissioners.

1681. That is for the year 1874?—Yes, that was for the year 1874. Had we access to the books of the company of course we could at once see whether it was positively necessary for that company to have raised that capital to the detriment of the consumer in the month of December instead of in the early part of 1874, as had been anticipated.

1682. Of course that involves two matters; first, the law officers' opinion that the Revising Commissioners could not go into the question capital, and, secondly, that without access to the books, you could not scrutinise or see whether that capital was needed?—We could not scrutinise whether that capital was needed. It seems to me exceedingly clear that where a certain section of the public have to bear the cost of capital, that section of the public should be protected in the creation of capital. The Government is every year limiting more tightly latitude which is given to public bodies in the creation of capital and in the raising of loans; and with reference to the Metropolitan Board, and probably other boards, the strictest investigation is made before capital is allowed to be raised. No capital can be raised now under the Metropolitan Board except with the sanction of the Treasury, because the cost of this capital falls upon the ratepayers; and in the case of gas companies there is no tribunal coming between the consumers, who have to pay the whole of the dividend on capital, and the company, which is specially interested in the creation of fresh capital. An instance of that is given in a recent meeting of the Chartered Company which was held in January last, where they say that they proposed at once to raise 500,000 *l.* of capital.

1683. *Chairman.*] Was that a proposal which was brought before the meeting?—Yes; this which I hold in my hand is a report of the meeting, and this is one of their directors who says that.

1684. Mr. Serjeant *Sargood.*] What is the paper that you are reading from?—“The Journal of Gaslighting,” of the 26th January 1875.

1685. Is it to issue capital or to raise capital?—To raise capital.

1686. Mr. Serjeant *Sargood.*] Parliament have enabled us to raise it?—I beg pardon, it is raising and issuing capital.

1687. Mr. *Philbrick.*] If it had come into a state to come before a meeting of shareholders, of course Parliament must have sanctioned its being raised?—Parliament had sanctioned the raising of a million of capital, but there was no tribunal instituted to which the company should go and say, now we can show you that we want a quarter of a million next year; and we want to issue this quarter of a million next year, or a half a million next year; they account for it very properly, no doubt, that they wanted 120,000 *l.* for retort houses, 25,000 *l.* for gas holders, and the whole of the detail is given; but it seems to me only proper that, inasmuch as the consumer has to make good the whole of this dividend, and is the party most interested in that transaction, there should be some sort of power at any rate to investigate the reasons for the issue of fresh capital.

1688. One other subject before I sit down with regard to the terms on which capital can be raised by gas companies; we know, of course, that the Legislature has prescribed in the various cases, and your table shows what the respective amounts are, but is it the actual effect of the companies being authorised to raise capital, that they are raising capital at the prices of the day at a premium of 10·7 per cent.?—They issue the capital, and the premium of course goes to the shareholder.

1689. The premium goes, of course, to the benefit of the particular shareholder?—Yes.

1690. Whom we say it belongs to, under the present system, and to whom it is allocated by the Legislature?—Yes, it belongs to the individual who has the least interest in keeping down the capital, and who benefits by the issue of capital to the greatest extent.

1691. Of course he is the most interested in the profits, I mean interested in the way of having to earn his money?—It appears to be so under the Revision Commissioners; it appears to be a matter of course his getting the amount, so that he does not study first whether the capital can be issued at a cheaper rate

or not; it is not put upon the market, but is issued to the shareholders, and, of course, their premium is to the advantage of the shareholders.

Mr. A. Gunn.

7 June 1876.

1692. Therefore it is certainly a popular policy with each gas shareholder that the directors should issue the capital that they are authorised to issue at the very earliest possible moment, whether the works wanted it or not?—Yes, at the earliest possible moment; as showing the avidity of the shareholders to take the premium, and to accept the very best terms they can, at this very meeting, taking this report as correct, a shareholder said that he was surprised that the new 500,000 *l.* stock, which was to be issued, was to be issued at 5 per cent. for a certain number of years; he said that he thought that the modesty of the directors was almost too much under the circumstances; and he said, “I believe it is an exception to the general rule in creating new capital, and if we are thus willing to make such a concession to the public, I think the fact should not pass unnoticed.” But the Governor of the Chartered Company had said, “We have some little modesty, and we have some little consideration for the public, and we do not wish to do that which I think would create a just ground of complaint, namely, to raise capital at 10 per cent. when we can raise it at 5, because you will recollect that in expending this capital it will be some time before the works are completed and remunerative.” That shows that the directors are pushed on by the shareholders, no doubt, to issue capital at the most favourable terms.

1693. Capital could be raised for such an undertaking where the district is a monopoly at what?—The capital that the Chartered Company have recently issued during the last few years, was 5 per cent. preference capital, convertible into ordinary 10 per cent. stock, and the price is about 170 *l.* or 180 *l.*

1694. Therefore, it would be that 1,000 *l.* would be worth from 1,700 *l.* to 1,800 *l.*?—Yes.

1695. Then 1,000 *l.* of that would be expended upon the undertaking, and it would bring in a dividend of 100 *l.* a year, if it was converted into ordinary stock?—Yes.

1696. And the 800 *l.* was an absolute bonus, to go into the pockets of those who were fortunate enough to hold shares at the time?—Yes.

1697. Mr. *Brassey*.] In practice it was new stock issued privately to existing shareholders?—Yes.

1698. Mr. *Philbrick*.] According to the Act of Parliament?—Yes.

1699. Mr. *Brassey*.] The existing stockholder to whom 100 *l.* of new stock is issued, gets it for 100 *l.* and it is worth 180 *l.*?—Yes; or say 170 *l.*

1700. Mr. *Bristowe*.] He gets it for 100 *l.*?—Yes; the stock that is not allotted would probably be issued at 103 *l.* if sold on the market, but that would be inappreciable.

1701. *Chairman*.] As in those answers you have referred to that clause in the Bill which the Gaslight Company proposed to bring in, saying that there should be 5 per cent. for a certain time upon the new capital, I suppose that at the end of that time it was to become 10 per cent.?—Yes.

1702. What was the length of time?—Five years.

1703. What became of that Bill?—It was thrown out on the Standing Orders.

1704. *Chairman*.] That statement to which you have referred in the report of the meeting of the Gas Company, which was made by the Chairman, was a statement as to the interest upon 500,000 *l.* which they had then power to issue?—Yes.

1705. It had nothing to do with any Bill that was brought forward?—No, nothing.

1706. The term of years during which they were to give 5 per cent. to their shareholders was five years, and after that it was to become 10 per cent.?—Yes.

1707. Mr. *Serjeant Sargood*.] At the option of the shareholder, who might turn the preference stock into ordinary stock, if he liked?—

1708. *Chairman*.] Was there such an option?—Yes, there was such an option.

1709. Had there ever been any previous option of that kind?—Yes, the whole

Mr. A. Goss.
7 June 1875.

of the capital, or nearly the whole that has been raised since 1868, has been with that option.

1710. Have you ever heard of anybody taking 5 per cent. rather than 10?—I should be very much surprised to hear it.

1711. Mr. Serjeant *Sargood*.] A good many, I believe, are holding on to a certain 5 rather than to a problematical 10?—It is only this year that they could convert their preference into ordinary stock from the beginning of January.

1712. Mr. *Philbrick*.] There had been a notice of this Bill in November; on examining the accounts for 1874, which are published and audited, did you find whether or not the companies that have had the benefit of the revision clauses in their favour with the increase appear to have done better or worse than the other companies in the matter of trading?—The Commercial Gas Company charged 4 s. only in 1874, and they took from the reserve fund to make up the sum of their dividend, 2½ d., so that 4 s. 2½ d. was all that they required to make good their dividend; the Ratcliff Company at 3 s. 9 d. earned more than enough.

1713. Those are under the Act of 1860, 12-candle companies?—Yes, those are 12-candle companies, and the South Metropolitan has also been alluded to by other witnesses.

1714. *Chairman*.] When it is stated that they are 12-candle companies, have we not had evidence before that it was really 14?—I cannot say.

Mr. *Philbrick*.] It is really 14 in the case of the 1860 companies.

Witness.] Then the Surrey Consumers charging 4 s. 6 d. earned more than enough. The Phoenix charging 4 s. 6 d. and 4 s. 2 d. required only about one-third of a penny to make good their two dividends, and of the two companies that came before the Revising Commissioners the Imperial required 4 s. 6½ d. and the Chartered 4 s. 7½ d.

1715. With the prices that were allowed by the Commissioners did they produce this result; that is to say, taking all the companies in London, when the other companies were supplying the metropolis, whether under the Act of 1860, or under the Act of 1869, these two great companies charged the consumers a price absolutely more than any other company supplying London?—They did so.

1716. Have you a Table which has been prepared showing the illuminating power and price of gas supplied by the several companies for five years ending 1874?—Yes, and they charged more than any other company, after making all allowance in the way of adjustment for income tax and for reserve fund, taking it out for the time.

[*The Witness delivered in the following Table:—*]

PRICES AND ILLUMINATING POWER.

	1869.				1870.				1871.				1872.				1873.				1874.			
	Price.		Illuminating Power in Sperm Candles.		Price.		Illuminating Power in Sperm Candles.		Price.		Illuminating Power in Sperm Candles.		Price.		Illuminating Power in Sperm Candles.		Price.		Illuminating Power in Sperm Candles.		Price.		Illuminating Power in Sperm Candles.	
	Common.	Cannel.	Common.	Cannel.	Common.	Cannel.	Common.	Cannel.	Common.	Cannel.	Common.	Cannel.	Common.	Cannel.	Common.	Cannel.	Common.	Cannel.	Common.	Cannel.	Common.	Cannel.	Common.	Cannel.
Gaslight	s. d.	s. d.			s. d.	s. d.			s. d.	s. d.			s. d.	s. d.			s. d.	s. d.			s. d.	s. d.		
-	4 -	5 6	14	20	3 9	5 5	16	23	3 9	5 5	16	23	3 9	5 5	16	23	4 4	6 3	5 -	6 3	5 -	6 3	16	23
City of London	4 -	5 6	14	20	3 9	5 5	16	23	3 9	5 5	16	23	3 9	5 5	16	23	4 4	6 3	5 -	6 3	5 -	6 3	16	23
Great Central	4 -	-	14	-	3 9	-	14	-	3 9	-	14	-	3 9	-	14	-	3 9	-	4 8	-	4 8	-	14	-
Imperial	4 -	-	12	-	3 9	-	14	-	3 9	-	14	-	3 9	-	14	-	3 9	-	4 8	-	4 8	-	14	-
Independent	3 4	-	12	-	3 4	-	12	-	3 4	-	12	-	3 2	-	12	-	3 2	-	3 6	-	3 6	-	12	-
Commercial	4 -	-	12	-	4 -	-	12	-	4 -	-	12	-	3 9	-	12	-	4 -	-	4 -	-	4 -	-	12	-
Ratcliff	4 6	-	12	20	4 6 to 31 Mar.	-	12	-	4 -	-	12	-	3 9	-	12	-	3 9	-	3 9	-	3 9	-	12	-
Equitable	4 -	5 6	12	20	3 9	5 3	12	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
London	4 -	5 6	12	-	3 9	-	12	-	3 9	-	12	-	3 9	-	12	-	3 9	-	4 6	-	4 6	-	12	-
Phoenix	{ 4 3	-	12	-	4 3 to 31 Mar.	-	12	-	4 -	-	12	-	4 -	-	12	-	4 -	-	4 6 to 30 June	-	4 6 to 30 June	-	12	-
-	{ 4 -	-	12	-	4 -	-	12	-	4 -	-	12	-	4 -	-	12	-	4 -	-	4 2 from do.	-	4 2 from do.	-	12	-
South Metropolitan	{ 3 4 to 30 Sept.	-	13	-	3 2	-	14	-	3 2	-	14	-	3 -	-	14	-	3 -	-	3 -	-	3 -	-	14	-
-	{ 3 2 from do.	-	13	-	3 -	-	14	-	3 -	-	14	-	3 -	-	14	-	3 -	-	3 -	-	3 -	-	14	-
Surrey Consumers	4 -	-	12	-	4 -	-	12	-	4 -	-	12	-	4 -	-	12	-	4 -	-	4 6	-	4 6	-	12	-
Western	-	5 6	-	20	-	5 6	-	20	-	-	5 -	-	20	-	-	5 -	-	-	-	-	-	-	-	-

Mr. A. Gunn.
7 June 1875.

1717. In this Table the greatest here was 5 s. ?—Yes, but they might have done with 4 s. 7½ d.

1718. But the actual result of the working upon the consumer has been that these two companies, which have had the benefit of the revision, have charged most to the consumer of any company in London ?—Yes, it is so ; and besides that, what seems to me stranger still is, that the nett price of 4 s. 6½ d., which the Imperial required, and 4 s. 7½ d. which the Chartered required, after eliminating the savings on either side, the nett sum required for each is in excess of the price charged by any other company.

1719. So that if it be said that those prices were the best estimates that the Commissioners could make at the time they fixed the price for the then unknown result of the year's working, still those two large companies carried on their manufacture at absolutely greater cost than any other company supplying London ?—It appears to be so.

1720. That Table shows it ?—Yes.

1721. Have you also made out a Table showing the loan capital and the share capital of each company up to the end of last year ?—Yes.

1722. It is a supplement of the first Table ?—Yes.

[*The Witness delivered in the following Table:—*]

METROPOLITAN GAS COMPANIES.
SHARE and LOAN CAPITAL, 31st December 1874.

Company.	Share.	Loan.	Total.
	£.	£.	£.
Gaslight - - - - -	3,150,000	812,500	3,962,500
Imperial - - - - -	2,729,955	496,750	3,226,705
Commercial - - - - -	450,000	-	450,000
Independent (estimated) - - - - -	221,422	30,800	252,222
Ratcliff - - - - -	100,000	15,670	115,670
London - - - - -	732,580	142,792	875,372
Phoenix - - - - -	882,000	176,000	1,057,000
South Metropolitan - - - - -	384,751	-	384,751
Surrey Consumers - - - - -	229,995	60,000	289,995
£.	8,880,708	1,734,512	10,615,215

Cross-examined by Mr. Richards.

1723. The Imperial Company, which you have alluded to just now, and which I will ask you about first, has for some time past been, and is still now, in the course of constructing new works, is it not ?—Yes.

1724. Gas companies differ from railway companies in this respect, do they not, that they have no option as to whether they shall or shall not extend their works ; they must supply the public with gas, under their Acts of Parliament ?—Yes, certainly.

1725. A railway company, when contemplating a branch or an extension, may exercise a discretion whether they shall or shall not make it ?—Of course.

1726. But gas companies are compelled to supply every local authority which calls

calls upon them to light the streets, provided the local authority puts up a gas lamp at every 75 yards?—Yes, certainly.

1727. And whenever they have got a main down any street, any consumer living within 50 yards can insist on being supplied with gas?—I suppose so; there is no doubt that it is so.

1728. Then it follows that a gas company must go on making works sufficient to meet the demand?—Certainly.

1729. Is it in consequence of that that the Chartered Company at Beeton, and the Imperial Company at Bow Creek, have both been erecting, and are still erecting large buildings?—Certainly.

1730. And they have each got out of town, in compliance with the last fashionable fad of the public?—I do not say so; I do not endorse that.

1731. That has been one of the last moves, that every gas company should go as far out of town as possible?—It seems to be so; I really cannot state that as a fact.

1732. Allow me to say that one result of going a long distance out of town is largely to increase the capital expended for leading mains?—Certainly; but allowing for that to the very fullest extent, and giving the fullest praise to you, for the sake of argument (and no one is prepared to do so more fully than I), yet still, after that, every person who looks into the matter must see that there is every possible encouragement to the raising of capital before it is positively wanted, and indeed to raise more capital than is positively needed.

1733. Do not suppose for a moment that I am assuming that you were saying anything in favour of the companies; that does not appear to me an answer to my last question; it may be a very valuable observation, but I am not assuming that you are saying anything in favour of the Gas Companies?—I am just speaking honestly my opinion, whether it is in favour of the Gas Companies or not. You asked me an abstract question.

1734. What I asked you was, whether going long distances out of town did not necessarily increase the amount of capital expended in leading mains?—Yes, certainly; that is an abstract question that you asked, and I answered it as an abstract question.

1735. You have spoken of the case of the Imperial, and of their having money paid up on the 22nd of December, so that there was on the 31st December 1873 a large balance at their bankers?—Yes.

1736. Was it not proved, that that money was expressly paid up in order that they might meet the contracts which had already been made with the builders and contractors at the Bromley works?—I know quite well that gas companies raise money.

1737. Will you answer my question, if you please?—I could not answer it.

1738. Do not you know that it was proved that there were large contracts at that time in hand for which that money was expressly required and called up?—That I do not know; if we had had access to the books of the company, we should have seen that; and that just shows the disadvantages under which we are, in criticising your statement. We have no wish whatever to criticise unduly. Had we seen in the company's books that this 120,000 l. was necessary in order to pay the contracts into which the company had entered, that would have cleared up the matter at once.

1739. I understand you, that what you would wish was, that instead of being called up on the 22nd of December, it should have been called up on the 2nd of January, so that no dividend could have been paid upon it at all?—I have not expressed any wish in the matter. I have simply stated the fact to the Committee, and the fact is this, that in a preceding meeting of the Imperial Company, the governor said, "We shall require our capital at the beginning of 1874," and instead of that the capital was issued in December 1873, by which the capital was brought under the Revision Commissioners, so that they allowed against the consumer the whole interest upon that capital, and that has been intact in the balance of the 31st of December.

1740. If it had been called up on the 2nd January 1874, and paid into the bankers, then I understand you to say that no dividend could have been allowed upon it?—Certainly.

1741. Do you think that that would have been fair to the shareholders?—I cannot give an opinion.

Mr. A. Gunn.
7 June 1875.

1742. You have given us a good many opinions; just let us know what you say as to that fact. You say it is hard upon the consumer that he should have to pay interest upon the money, and I ask you, would not it have been hard upon the shareholder that he should have stood out of all the interest upon the money for the whole of the succeeding 12 months?—The machinery is altogether in an odd and abnormal condition; it is a piece of machinery that seems incapable of working.

1743. Would you answer my question, which I will ask you again; would it not, in your judgment, have been unfair upon the shareholders that they should have to go the whole year without any interest upon the money, simply because it had been called up upon the 2nd January instead of the 22nd December?—There was not the least chance of a shareholder going without interest upon his money.

1744. Do you think that it would have been unfair was my question?—Of course it is unfair if the capital is raised, and the shareholder expects that he will get a dividend, and there is no dividend for him; that is unfair no doubt; but it certainly is not unfair to a person who takes up scrip in a loan if the terms are mentioned to him beforehand. We have continually on the Stock Exchange loans that are raised, and the first dividend is not born for a certain time when the facts are mentioned.

1745. The Honduras Loan, for instance?—Not at all; there is no injustice at all where stock is raised if the terms are sent out to the shareholders before it is raised; there is no injustice surely in that.

1746. I understood you to say that the consumer, in the issue of this capital, is the person most interested?—Certainly.

1747. Is the shareholder to be considered at all?—The shareholder is considered fully as it seems to me; he is almost spoiled, if I may use such an expression.

1748. You say that the consumer is the person most interested; the shareholder who subscribes his money upon the faith of a bargain made with the sanction of Parliament is to be considered also, is he not?—And he does consider himself.

1749. *Chairman.*] What was the real fact; was the capital raised on the 22nd December?—Yes.

1750. And supposing it to be raised for every 1,000 *l.* of that capital, a dividend was obtained in the following year?—Yes.

1751. If it had been paid on the 2nd of January no dividend would have been obtained until the end of 1876?—Yes; a dividend would have been obtained equally, as I would have explained more fully if the learned counsel would have allowed me. I did not wish to confuse matters. The Commissioners ruled at their first enquiry into the Chartered Company that they could only allow a dividend upon capital actually paid up on the previous 31st of December, they ruled that as their power. Then whether it was fair or not of course I cannot judge; but at the next revision, that of the Imperial Company, the Imperial Company had raised their capital which they had anticipated would be required in January; they raised it in December, so as to bring it within the ruling of the Commissioners, by which a dividend would be allowed upon it in the year 1874. But it must not be supposed that when the Revision Commissioners shut out the capital from dividend which was raised after the 31st December, that that capital did not bear dividend. The capital did bear dividend.

1752. When will it bear dividend?—The capital would bear dividend, whatever the terms might be made by the company itself, and it would be paid on the 30th June and in December.

1753. *Chairman.*] What did any shareholder gain and what did the public lose by the change of date from January to December?

Mr. Richards.] Not a farthing. Ten days' interest was what they lost.

Witness.] This was the loss: the Revising Commissioners would have shut out that capital from the estimate of the dividend required for the year 1874, if it had been raised in January. Say for the moment that 1,000 *l.* was required

required for the dividend, the estimate of the increase of price necessary for the year 1874 would have been less by that 1,000 *l.*; therefore instead of the price being raised to 4 *s.* 8 *d.*, it should be 4 *s.* 7½ *d.*

Mr. A. Gunn.

7 June 1875.

1754. You merely state that fact as showing the difficulty that you were in, in being able to test the company's statement of their revenue?—Yes.

1755. You are not stating it as illustrating that there was a dividend given when it ought not to have been given?—Not at all, only with regard to the learned counsel's questions about its being unfair to the shareholder or to the consumer.

1756. Whether it was fair or not?—Not at all.

1757. It was simply as regards the estimate?—Yes, as regards the estimate entirely.

1758. Mr. *Brassey*.] Supposing that in consequence of the Commissioners having shut out a certain amount of capital from consideration there had been a deficiency in the dividend, so that it had fallen short of the 10 per cent., what would have happened?—It is a very difficult thing to suppose that the dividend could have fallen short of 10 per cent., because of this amount which was insured for the reserve fund. There was an additional 48,000 *l.* which the company had granted them to supplement their dividend if 10 per cent. was not earned; but of course what they earned over 10 per cent. went to the reserve fund, so that one could hardly suppose that the dividend would run short.

1759. Mr. *Richards*.] What is that spread over the Imperial Company?—Ten per cent. and 7 per cent.

1760. What does that work out?—I have not gone into that.

1761. We may take it that it is just about 8, may we not?—It is possible, but I have not worked it out; there is 1,560,000 *l.* at 10 per cent., and 1,169,000 *l.* at 7 per cent.

1762. That is 8·33, as it has been worked out for me?—That must be wrong.

1763. *Chairman*.] We should like to be able to check it for ourselves. What is the total capital of the Imperial Company?—There would be a difference accordingly as you take the total amount authorised, or the total amount paid up.

1764. What is the total amount paid up?—£. 2,729,955, as near as may be.

1765. How much of that is at 10 per cent.?—£. 1,560,000 is at 10 per cent., and the remainder is at 7 per cent.

1766. Mr. *Richards*.] I am told that it is 8·6 per cent., or 8 *l.* 12*s.*?—It may be something like that.

1767. Under the Act of 1868 of the Chartered Gas Company, and also under the Act of 1869, applying to the Imperial and South Metropolitan, a public auditor is appointed, I think?—Yes.

1768. That is an auditor over whom you, as the Metropolitan Board of Works, have no control?—No, we have no control over him.

1769. He is appointed by the Board of Trade?—Yes.

1770. And an independent person between both parties?—Yes.

1771. He has, has he not, the largest powers of inquiring into the expenditure of the company?—I believe so.

1772. Take the Chartered Gas Act of 1868, which says: "There shall be an auditor of the accounts of the companies, being a competent and impartial person, from time to time appointed by and removable by the Board of Trade." Then section 79 is: "The auditor shall, with all practicable speed after the passing of this Act, investigate the accounts of the companies, and ascertain and certify the amounts of their capitals, distinguishing share from loan capital, and shall ascertain and certify how much of the capital of the Gaslight and Coke Company ought fairly to be apportioned to their district within the City," and so on. That is with regard to their then existing capital in 1868?—Yes.

1773. You have no reason to doubt that Mr. Parkes did go most thoroughly into the whole question?—Not the least doubt of it.

1774. And the same with reference to the Imperial and the South Metropolitan Companies?—I have no doubt of it.

1775. A more competent man than Mr. Parkes, I think you will admit, it is difficult to find?—I quite admit that.

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1776. Then

Mr. A. Gunn.

7 June 1875.

1776. Then I turn to Section 80 which says: "The auditor shall from time to time prescribe a uniform form of accounts to be kept by the companies"—Yes.

1777. I am speaking now of the Act of 1868, and there is the same power under the Act of 1869; but in Section 81 of the Act of 1868 it says: "The auditor shall half yearly audit the accounts of the companies, and if he finds the same correct he shall certify the same respectively, but if in any instance he finds the accounts incorrect in principle or in detail, he shall require the company to correct the same in such manner as he thinks right, and a dividend shall not in any case be declared until the accounts are certified by the auditor; and the accounts as certified shall be laid before both Houses of Parliament." Then I come to the clause by which the companies are to "Give to the auditor, his clerks and assistants, access to the books and documents of the company, and shall when required furnish to him and them all vouchers and information requisite for the purposes of the audit, and shall afford to him and them all facilities for the proper execution of his and their duty." And the next is, and will you be so good as to mark this: "If any company think themselves aggrieved by any act or determination of the auditor, the matter in difference shall be referred to the determination of an arbitrator agreed on between the company and the auditor, or, in default of agreement, appointed on the application of either party, by the Lord Chief Justice of the Court of Common Pleas," and those clauses are repeated in the Act of 1869?—Yes.

1778. Can you conceive of any clauses giving more complete powers to the public auditor than those clauses give to Mr. Parkes?—I think not.

1779. Under these circumstances, is there anything connected with the company in its most minute working that Mr. Parkes, the auditor, has not the power of inquiring into?—Take the very case which I am speaking of; what has the auditor to do with the estimate of the year for which the Revision Commissioners have to fix a price?

1780. That is not a question of account?—As regards the accounts, I have not at all impugned the audit or questioned it in the least; the accounts are all of course made up perfectly correctly, and Mr. Parkes audits them; I have not at all questioned any audit.

1781. Did not that very question which you have indicated arise before the Revising Commissioners?—But the Revising Commissioners could not entertain the question when the question was raised; it was about the capital that they said, upon a legal opinion we cannot go into it, it is beyond our powers.

1782. Did not they go very fully into it, and ultimately say that they had no power to adjudicate upon it?—Quite so; of course that was the effect that was given to it.

1783. There was no difficulty in going into it?—As I said, there was a difficulty, because the other side had, of course, to cross-examine the witnesses of the gas company without full information as to whether that amount of 120,000 *l.* was required before the 31st of December. We were at a disadvantage, and could not elicit all the facts.

1784. Did the Commissioners themselves complain of being unable properly to revise the question?—I do not know that they did.

1785. And you do not call them?—I do not know; I have heard what the Chairman said this morning, that is all.

1786. *Chairman.*] Just one question; it is important that we should not have such an important fact as the interest derived by the Imperial Company incorrectly stated; I make it out by my own figures to be 8·7, and that would be about 8 *l.* 14 *s.*?—Yes.

1787. *Mr. Richards.*] With regard to the question of wear and tear, you think that the Metropolitan Board of Works should have constant access to the companies' books, and overhaul them, do you?—Not at all. I am not speaking of the Metropolitan Board, or of any other Board; what I say is, that if the Revision Commissioners are to include a given sum, say for wear and tear, it is very proper that those persons who have to pay the cost of it should be heard; and Parliament having given the Metropolitan Board and the City in the case of the Chartered Company, the power of appearing before the Commissioners, shows that the public is to be protected; that is laid down very clear in the Act of Parliament; I do not say it is necessary.

1788. Through

Mr. A. Gurn.

7 June 1875.

1788. Through my learned friend, who represented the Chartered Company, and myself, I gather that the Commissioners did inquire into and strike out a great many items?—Certainly.

1789. In what possible way could the Commissioners have had greater powers of revision than those which, in point of fact, they exercised?—I have not said that the Commissioners could, although I think they could, if we had had the power, in appearing before the Commissioners, of questioning the figures that that were given to us.

1790. I suppose you were the person who prepared requisitions that were sent to the companies before the revision inquiry took place?—Yes, I assisted in that.

1791. You and Mr. Stevenson?—I do not know who it was; the legal department is responsible for that.

1792. Had you not some gas engineer to help you?—I cannot tell; the legal department supplied them.

1793. Was there one single question that you desired to ask, and did ask, which did not receive as full an answer as possible?—Certainly not; I have said all along that we had the greatest courtesy in every thing from the officers, but we say that, from the nature of the case, the thing was imperfect.

1794. What sort of question was it that you desired to ask, and found yourself unable to ask, or unable to get an answer to?—Take only this one item of 120,000 l. raised on the 31st of December; it is not for us to say that it was absolutely necessary to raise it in December and not in January.

1795. Did you ask any questions about it?—Yes.

1796. Show me where your questions are; were they *viva voce*, or were they in your requisition?—I will show you directly; on page 625, at the top.

1797. This is your own examination?—You ask me where it is here, and I point to it.

1798. I ask you whether you asked any question from the company with reference to that matter, and found yourself unable to get any satisfactory explanation or answer?—I brought before the Commission the fact of that account being intact in the balance, and they deducted it from the estimate. I say here, "Deduct, for the purpose of this inquiry, the dividend on capital received so recently as December being intact in the balance, therefore taken as not raised"; one could do no more than that; the Commissioners holding that they had nothing to do with capital, and could not go into it.

1799. You did bring it before the Commissioners?—Yes, certainly.

1800. You say that the Commissioners, finding that they had nothing to do with capital, the inquiry was largely gone into, was it not, nevertheless?—Still, you see, there was that strong opinion from the Law Officers of the Crown.

1801. When was that taken; you will find that it was taken after the revision was concluded?—Yes, I assume so.

Mr. Cripps.] While the inquiry was going on they sought an opinion, and therefore it had its operation while we were still attending the inquiry.

1802. Mr. Richards.] Nevertheless, before that opinion was given, had there not been a vast amount of evidence with reference to the expenditure of capital; did not you call a Mr. Anderson to prove that you would have wished to have retorts upon a different construction?—Yes.

1803. Did not the companies invite the Commission to express an opinion?—The idea is still in your head that I am trying to make out that the action of the company has been very bad. I do not say that in the least. What I say is, that the very nature of the case makes it impossible to work a Revision Commission of this kind. You may give every information possible to the Commissioners, still, from the very nature of the case, it is very difficult for the Revision Commissioners.

1804. Why did not you bring the Revision Commissioners to say so?—I had nothing to do with that.

1805. Do you know any reason why you did not bring the Revision Commissioners to say so?—I know nothing of the subject at all.

1806. With reference to the recent revision, was the result such that the price given.

Mr. A. Ginn.
7 June 1875.

given by the Commissioners did give the Imperial a large surplus, upon the 30th of June, when the 30th of June arrived?—They had less than was estimated.

1807. They had at that time some balance to the credit of the reserve fund, had they not?—Yes.

1808. In order to make up their dividend on the 30th of June 1874, had they to take anything from their reserved fund?—I believe they had, but I am only speaking from recollection.

1809. Had they to take as much as 26,000 *l.* from their reserve fund?—I could not say that, but I am quite prepared to say yes, if you say so.

1810. Therefore, in point of fact, the sum given by the Revising Commissioners did not, in the first half of that year, meet the maximum dividend?—But then you are leaving out a very important consideration, namely, all the coal that was contracted for at very high prices, and the orders from the consumers in the first half of the year, and the coal that had not been contracted for a dear price came into the second half year; therefore, of course, it was to be anticipated that the working of the first half year was more expensive than the working of the second.

1811. That is not an answer to my question; it may be a very valuable explanation from your point of view, but what I put to you is this: did they have to supplement their available balance of profit and loss by 26,000 *l.* taken from their reserve fund?—Yes.

1812. If, therefore, the Commissioners gave anything in consideration of that reserve fund it was more than eaten up?—You must take the whole year together; you must not take the first half but the second.

1813. I will not yield to your dictation on that point; I will do that at present, if you please; it was so with reference to the first half?—Quite so.

1814. Have you got the accounts of the first half?—They are here in my bag.

1815. It would appear that the Revision Commission in this case did not give exactly the same sum, would it not?—No, that does not appear.

1816. Assuming that the Commission were to give such price as, with care and management, would make up the maximum dividend alone, the Commission did not, in fact, give a sum which, at the end of the first half year, did meet the sum required for the dividend?—Yes, if we are to call it care and management, the result that year was not so good as was expected; the amount left at the end of the year being only 20,000 *l.* instead of 48,000 *l.*, but I am not prepared to say that, with better management, the surplus at the end of the year might not have been larger.

1817. Of course you are not; are you prepared to say there was any bad management in that year?—No.

1818. I observe that whenever the company do not make anything you invariably say that there is want of due care and management?—I have not said that.

1819. You have insinuated it just now?—No, I have not.

1820. How do you know that there was not due care and management?—Again I say that I am not insinuating in the least that there was a want of due care or a want of management either in the raising of capital or in the actual working of the companies; but I say this, that there is no guarantee for due care and management.

1821. You said to me in answer just now, true it is there was a deficiency, but how am I to tell that there had been due care and management?—Exactly.

1822. Is not that an insinuation that there was want of due care and management?—No, I do not think so; I did not intend it as such.

1823. Then you are not prepared to show that there was any want of due care and management?—There again we were perfectly prepared to go into the question, but we had no opportunity whatever.

1824. You want the Revision Commission re-appointed?—The Revision Commission cannot sit again to say that the company had not shown due care and management during the year, and, therefore, they shall be mulct in a penalty for it; it is altogether a prospective action, and then there is no effect given to anything like a penalty clause, which there should be.

1825. A good deal has been said about this revision of capital. What is the sort

*Mr. A. Gunn.**7 June 1875.*

sort of revision of capital that you want ; how far do you propose to go back ; you know that the Chartered Company was founded in 1812, and the Imperial in 1821 ? Do you propose to go back to the foundation of the company ?—I am not proposing a revision of the capital as it stands at the present per cent. ; but what I am suggesting as a very desirable thing is, that in each fresh issue of capital it shall be shown, on behalf of the consumer, that that issue of capital is absolutely necessary, just in the same way as now a public board has to apply to some superior authority so that it must raise a loan.

1826. Do you propose the Metropolitan Board of Works to have the power of investigating matters ?—I am only stating the facts to the Committee for them to elucidate the subject.

1827. Who is the body that are to have the power of deciding whether capital should be issued or not ; is it the Metropolitan Board of Works ?—No, I do not say this. You may create a new tribunal ; it may be the Revision Commissioners, if you please, if they are still left in the existence, or the Board of Trade.

1828. Then at every issue of capital, of course the Metropolitan Board of Works, if they are to be heard, would object to it ; the company would be the promoters ; and is every issue of capital to be the subject of a fresh legal inquiry and a fresh arbitration ?—No, I do not say that at all. Admitting for the present moment that the Board is prepared to go into the question of new capital, they have no opportunity of making their opinion heard.

1829. Is the Metropolitan Board of Works to have a veto upon it ?—The machinery that this Bill will create will, we think, work effectually. What I have been trying to show is this ; we say that the present state of things is altogether illusory, and leads to no good result. We say that the company is positively encouraged in the creation of capital before it is wanted ; of course, using that simply as a matter of argument, I am not attributing to them that they really do create capital before it is wanted ; but the present state of things encourages a public company to raise capital before it is required, and it is desirable that the consumers should be protected in that direction. Now, the Bill as at present drawn before the Committee would, to some extent, I think, have the result of keeping the capital within bounds, because the directors, before they raise capital, will at once say, Well, if we charge this company with capital the shareholders will have to suffer for it, because the dividends will be less if we have to raise the price of gas in order to make a dividend good, so that the Metropolitan Board of Works giving effect to this complaint which we are making before the Committee at the moment, we not only bring the grievance before the Committee, but we are proposing a remedy, and we think that this remedy would work.

1830. Your remedy is to give 3*s.* 9*d.* per 1,000 feet, as a fixed price, with a descending scale, the companies to get their dividends if they can ?—Yes, that is just it.

1831. Did you ever hear in your life of Parliament fixing a close, absolute, arbitrary price for an article which is necessarily dependent upon the cost of the materials of which it is composed ?—I think that there are precedents for this clause ; but other witnesses who will appear will probably be able to state what those precedents are ; I do not think that it is unprecedented.

1832. There have been such things as Royal Ordinances that bread and meat should be at a fixed price ?—I am comparing it with the state of things at the present moment ; I believe there are other cases in which there is a similar kind of provision, but other witnesses will go more fully into that.

1833. A descending sliding scale ; you do not propose an ascending scale ?—No.

1834. That would be an element of fairness which you have not introduced ?—We have proposed what appears to us to be equally fair, a reserved fund, and you see that that, by being 5 per cent. upon your capital, would make good the dividends.

1835. You complained of want of power of revising the capital in 1873, in the case of the Chartered, and in 1874, in the case of the Chartered and Imperial ?—Yes.

1836. What sort of revision of capital is it that you require ; do you wish to go into the capital from the foundation of the company, or to what extent ?—At the present moment, as I think I may have said before, but I must repeat it, supposing a company spends on a retort house, we will say for example,

Mr. A. Gurnea.
7 June 1876.

in the way of ornament more than is absolutely necessary, more than is desirable—

1837. How many years back do you propose to go?—I do not know that we propose to go at all into the revision of old capital; it would be useless to do so.

1838. You complained in 1873 and 1874 that you had not an opportunity of revising the capital expenditure?—Yes.

1839. To what capital does that complaint refer?—It refers in the case of the Chartered to the Beckton expenditure; and in the case of the Imperial to the expenditure at Bromley.

1840. At the new concern?—If my recollection serves me right, at the new one.

1841. What you wanted was to inquire into the capital which had been raised and expended under the Act of 1868 as regards the Chartered, and under the Act of 1869 as regards the Imperial?—I have no doubt that was so.

1842. You, of course, know nothing about the conduct of a gas company?—No.

1843. It would be hardly a fair question to ask you, whether a company should or should not contract for their coals, or whether they should or should not buy them from hand to mouth?—No.

1844. You have gone, I suppose, sufficiently into the companies to know something of their comparative size?—Yes.

1845. Am I right in saying that the Chartered Company carbonize about 2,000 tons a day in mid-winter?—I can take it that such is the case.

1846. And the Imperial say, 1,600?—I could not speak to that; I only speak of the average.

1847. One peculiarity of a gas company is, is it not, that its capacity, power, and so on, must all be measured by mid-winter?—Certainly.

1848. So that from the very nature of things a considerable amount of capital must lie idle in summer, in order to be available in winter?—Yes: but really anything that I say under this head could be of no use, because I know nothing about the manufacturing process of gas.

1849. At all events the South Metropolitan is a very much smaller company than either of the two that have been alluded to?—Yes, certainly.

1850. You can give no opinion, I suppose, as to how coal should be purchased for a gas company?—No, but I can state this fact, that in the year 1874 the Ratchiff charged 3 s. 9 d. for gas and earned more than enough, and the Imperial charged 4 s. 6½ d.

1851. What question is that an answer to?—You asked me whether one company is larger or smaller than another, so as to indicate that because of the largeness of the Imperial Company everything is perfectly right.

1852. I really do not think that was a question of mine; therefore for that reason you gave me an answer which had nothing whatever to do with the question. I perfectly understand your feelings towards the companies; do not suppose that I am; imagining that anything you have said has been friendly or unhostile to the companies?—You have instanced the South Metropolitan as though no other companies did the work cheaper than the Imperial.

1853. I wanted to know whether it was not easier to buy coals from hand to mouth, picking them up by a cargo at a time, in the case of a small company, than it would be in the case of a large company, like the Imperial and the Chartered?—I suppose so; I do not know anything about it.

1854. I thought it was so evident that I dropped the question. Will you turn to the balance sheet of the Imperial Gaslight and Coke Company for the 31st of December 1873; I see here "Cash at Bankers and on Deposit, 67,784 l. 5 s."?—Yes.

1855. You told me just now that they carried over a balance of 307,000 l.?—If you turn to the capital account of the Imperial Gas Company, at page 11 you will find the figure that I quoted; that there is a capital account there which shows that the balance of capital unexpended is 307,000 l., showing that capital was not required at that time.

1856. Your words were, that the Commissioners were obliged to allow dividend on this amount intact at their bankers?—No, intact in the balance I said.

1857. Then you have included the floating balance?—Yes, certainly; the balance at the bankers has no relation whatever to it, because the balance at the
bankers

bankers might consist of the dividend that was paid and the amount from revenue account; but when we see that in the capital account there is 307,000 *l.* unexpended of the capital, and 122,000 *l.* was raised a few days beforehand, the 122,000 *l.* is in that 307,000 *l.*

1858. Did not the company before the Revision Commissioners show exactly how they had called it up, and how they were going to expend it?—Yes, of course, they were obliged to do so.

1859. I have heard that you compared the increase in the case of the Imperial between 1871 and 1872 of the amount of capital per ton of coals, and you said it was 6 *l.* 6 *s.* in the earlier year and 7 *l.* 12 *s.* in the later year?—Yes, I believe so.

1860. Was that during the period that they were constructing their works at Bromley?—Yes.

1861. Is it not from the very nature of things impossible to avoid, where works are being constructed, that the expenditure is not in the first instance absolutely remunerative?—Quite so; but admitting all that fully, that state of things shows that there are encouragements to the creation of capital.

1862. I am merely asking the fact; you will put in the virus afterwards; if you will simply answer the question, I shall feel obliged; they were at the time constructing works, were they not?—Yes.

1863. That would account, would it not, for the amount of capital per ton being larger that year than it was before?—That depends entirely upon the mode in which the capital is laid out; to construct an enormously large new work that shall be sufficient for the consumption of gas, and increase the gas rental for a large number of years, would clearly be more remunerative than constructing houses as they are required to meet the exigencies.

1864. Do you mean to suggest that the Imperial did that?—Not at all; but you asked me whether this is not accounted for by the fact of their building new works. I say it is not fully accounted for by the fact of their building new works.

1865. Might it not be accounted for by that?—It might, certainly.

1866. I do not understand you to suggest that the Imperial have been expending capital upon works, looking forward to an undue period?—No.

1867. In constructing works for gas, it is absolutely necessary, is it not, to construct them well and solidly?—Yes, certainly.

1868. For instance, I daresay you are aware that one of the items of expenditure by the Imperial was the necessity for connecting the works at Bromley, which lay on the other side of the river Lea, with the Metropolis by a bridge?—Yes.

1869. And, of course, the leading mains had to be carried over that bridge?—Yes.

Cross-examined by Mr. Serjeant *Sargood*.

1870. I suppose you come to maintain the view which my learned friend Mr. Cripps opened on behalf of your Board, that the revision is a myth, quite inoperative and futile?—Yes, as a myth. I would not use the word "myth." One must define myth. If it were a myth, the consumers would not complain, if it were a shadowy thing, but it is very palpable.

1871. If the machinery had operated downwards, instead of upwards, they would not have complained; then the machinery would have been a very capital one, I should think. Now let me just carry you back to the revision. I daresay you have got that Section 68 by heart, and you know that the duty of the Commission was to fix the price; that they should do two things; first, give 10 per cent., and not more, for the dividends, and next provide an insurance fund?—Yes.

1872. In order that those things might be done by price, it would be necessary to know, of course, something like the number of million cubic feet of gas that was going to be sold?—Certainly.

1873. That would be the only thing that price could attach itself to?—Yes.

1874. Therefore, of necessity, that was an estimate, was it not?—Yes.

1875. The number of million feet to be sold being an estimate, it was the bottom stone of the whole inquiry, was it not?—Yes.

1876. That was the beginning of all?—Yes.

Mr. A. Gunn.

7 June 1875.

1877. In order to get at that, the expense of the company on the last year was, of course, exhibited?—Yes.

1878. Nobody doubted the accuracy of the figures?—No.

1879. The problem had to be solved as to what per-centage should be put upon it for the increase of the current year, and having regard to any extraneous circumstances as well as to the natural rate of increase that experience had shown?—Certainly.

1880. By that means the Commissioners arrived at a figure?—Yes.

1881. You were heard on your side?—Yes.

1882. To show as much as possible the largeness of the quantity?—Yes.

1883. We were heard on our side to show a more moderate idea?—Yes.

1884. The Commissioners decided on a figure?—They did.

1885. Have you any fault to find with the patience with which they listened to your figures or your argument?—Not at all.

1886. Were you dissatisfied with their decision?—I was not at all questioning what the Commissioners did; they sat, I think, most patiently, and listened to everything that was brought before them; of course their decision is not for me to question.

1887. The word "No" would be shorter than the compliment; were you dissatisfied with their decision?—I shall not say Yes or No to the question.

1888. Very well, you decline to say Yes or No. Now then, the quantity having been ascertained, of course the next thing was to find out what price would produce a given sum?—Yes.

1889. Therefore the second problem was to know what the given sum, so produced, was?—Yes.

1890. As a concession, first of all, we will say, although it may be inverting them, they fixed the amount of interest that had to be paid on the loan capital?—Yes.

1891. That was a thing ascertainable with accuracy, was it not? Yes, certainly.

1892. The next thing that had to be found out was what was the real capital bearing the rate of 10 per cent., or the real amount of your dividend?—Yes.

1893. Those were fixed quantities about which there could not well be a dispute?—There was a dispute, you know, because in both inquiries we represented, I think it was in the first inquiry, that there had been an unnecessary expenditure of capital; I think that was urged.

1894. You are an accountant, and therefore you can follow me; the amount of the capital subject to a certain per-centage of dividend was a thing beyond dispute?—Certainly.

1895. The only issue that you had with us was whether we ought to have raised so much capital, and thereby taxed you so severely?—Very important that is.

1896. I will dismiss that subject for the present, because that is a point which the Commissioners did not entertain; but so far as the amount to be provided to meet a dividend was concerned, that was a problem very easily solved?—Very.

1897. Then comes the question of the insurance fund, and having decided in point of law what that amount was, that was a thing of very easy calculation?—Yes.

1898. Therefore the number of feet being settled, and the sum to be produced being known, so far the amount per foot or per thousand feet was a mere money calculation?—Of course.

1899. Then the only remaining element, I think, was that the sum to be provided that might either be found in an existing profit to some extent, or would have to be provided by an additional price per thousand if the working of the company was a loss?—Certainly.

1900. Therefore the first thing we had to do was to submit to the Commissioners what amount of profit we anticipated we should make during the year?—Yes.

1901. On that subject also you were heard?—Yes.

1902. And you showed the amount which you thought we should make?—Yes.

1903. Which very much differed from us?—Yes.

1904. In

Mr. A. Gunn.

7 June 1875.

1904. In ascertaining the profit of course a very material question would be, what the proposed income would be likely to be, and what the expense of carrying on the establishment would be?—Of course.

1905. The difference would be the profit, would it not?—Of course.

1906. That would represent so much towards the normal price of the gas, the remainder being the supplement that the Commissioners would put on?—Yes.

1907. Having got the machinery of the revision clearly in our mind, having shown that there was no dispute as to the amount of dividend, insurance, and loan, now let us find out where the miscarriage of justice was; let us first of all take the income of the company; our estimate and your's differed, and the Commissioners found their way between us to some sum; tell me any point in reference to the inquiry on which you failed, I will not say to get justice from the decision, but justice in the inquiry?—The two points upon which we were successful before the Commissioners were, the stokers' strike and the shutting up of the Horseferry-road station; I may say—

1908. Let us go to the income first?—The stokers' strike was one.

1909. That was not income, that was expenditure?—I beg your pardon, the stokers' strike diminished the income of 1872.

1910. You mean diminished the sale of gas?—Certainly; and you, in your statement which you put in before the Commissioners in 1873, did not allow for any increase in 1873 over 1872. The answers to the questions that you gave to us would unquestionably give no information of that kind, and it was a sort of, I may say, accidental thing that we discovered it, and that we urged it before the Commissioners, and they allowed 15,000 as the probable increase of the consumption of gas of 1873 over that of 1872 on the income side.

1911. That is a very funny way of answering my question; I show you where you failed, you are showing me where you succeeded. What I am going to remind you of is this: I want to know one point on which you failed either in justice, or to get information, or ability to use it when you got it?—You know ignorance is not always bliss, and we say there might have been a great many points in which if we had been better informed we might have been more successful before the Commissioners.

1912. I admit that with the 28 interrogatories, Mr. Gunn, if he had been more astute than Mr. Gunn, might have put them in a different shape; but has Mr. Gunn found out any blunder in any of those interrogatories, which, if he were to put them to-morrow, he would alter?—No; that is not the only reason why in the Bill we are now promoting in Parliament we say that this system of formal interrogatories, getting out this information in a sort of haphazard way, one bit of the proceedings bringing out this point, and another bit bringing out another point, it needed the closest attention in order to bring out the facts. We say that it is not a convenient mode of controlling the increase of price on the part of the gas companies, and so the Bill suggests another sort of control.

1913. What I want you to point out to the Members of this Committee is this, whether you as an accountant had failed to get out the facts that you wanted to get out?—I do not know that we failed to get out the facts, but of course as I say we did not know what the facts were, and we did fail to bring them out because we did not know the facts that lay behind.

1914. What is it that you did not know that you wanted to know. Tell me in your experience of the last two revisions of anything that you have discovered that you failed to ask for by interrogatories that you would have asked for if you had known of it?—Take the case of the closing of the Horseferry Road Station. The closing of that was a sum of 6,750 £., and that appeared in a very vague way upon the answer to an interrogatory. This is a very tedious matter indeed, but I am obliged to go into it if you wish it. I say the answer to the interrogatory was so far vague that when we had this matter before the Revision Commissioners, it did not seem at all clear from the expenditure at all that that item could be detected, but after it was found out it was clear; and we might have failed in that case.

1915. Was it not found out by your putting our officers into the chair to give the Commissioners an explanation, and subjecting them to the cross-examination of your people, and then following it up by argument to the Commissioners?—No, it was not so.

1916. If you were dissatisfied with the answers to the interrogatories, why

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Mr. A. Gunn.

7 June 1875.

was it that it was not followed up by cross-examination? Because you rather surprise me by what you have just stated; why was not that followed up by cross-examination, if you had not got a good answer in the paper?—May I quote Question No. 3333 on page 158.

1917. I see Mr. Gunn is the witness; I expected that you would have referred me to one of our witnesses?—Here it is; the learned Counsel says: “You deduct 6,750 *l.* by some crotchet of your own about the Horseferry-road; tell me from what sum you deduct it; tell me the sum in which you can find there is that 6,750 *l.* to deduct?” and I say, “If I had access to the whole of the accounts of the company I might have been able to do that; but from the bare statement of the company, it is impossible to trace it out. I see in reply to Question 14, as to what saving the company could effect during the coming year, they say they will effect a saving of 6,750 *l.*” Then there is a long cross-examination, and this is Question No. 3384: “You mean honestly to say you believe, in estimating their expenditure, they have made a false estimate?” Clearly putting it as though every sort of objection against the deficiency, as laid before the Commissioners, every questioning of that deficiency was a sort of questioning of the honesty of the company. Clearly a state of things like that never could work well, because if questions that are asked in the way of set-offs are to be treated as imputations of dishonesty, it is simply with the barest pertinacity that you can get at a thing of that kind at all, to do the consumers justice.

1918. This is just what I want to give you as a test question; you were examined for the respondent on that inquiry?—Yes.

1919. And you made a series of calculations of your own, including that amount which you have spoken of for the Horseferry-road?—Yes.

1920. And you made that calculation, you say, because our answer to the interrogatory was one which was not sufficiently informative to your mind?—Yes.

1921. I want to ask you why, while on Case Number 1, and we were proving all our figures, was not somebody cross-examined on this very subject if the answer was not satisfactory?—Because, as I have said before, a bit of information came out one day and a bit came out another day, and probably the gentleman whom we might have cross-examined about that point had been in the box two or three days before, and the information had come out piece-meal, in a sort of accidental way.

1922. I want to know of what value there is to the Commission, in your position as witness, giving them your idea, not founded on our figures, when you abstain from asking any gentleman who could have explained our figures anything on the subject?—I think you will see by Question No. 3414 that your Mr. Hartridge is called and examined on that very subject.

1923. If Mr. Hartridge was called and examined on that very subject, where is your grievance?—I say there is no grievance upon that point, because we got a disallowance of 6,750 *l.*

1924. Then if there is no grievance upon that point, you have not failed?—No.

1925. Then point me out anything which you have discovered in which you have failed?—There may have been parallel cases exactly to that 6,750 *l.*, which we have not found out.

1926. But anything may be; are you really and seriously coming here to ask for a new Act of Parliament simply because it is possible that there may have been something that you have not yet discovered?—That is a new aspect of the case altogether; clearly the condition of things is not satisfactory.

1927. A whole is made up of its respective parts. I am trying with you as I did with Mr. Livesey, with whom I quite failed, to get you to give me or the Committee any suggested reason for this alteration, founded on any fact which you can point out, that injustice has been done you?—Of course, we do not suppose for a moment that we have had positive injustice done by withholding information. The very fullest information has been given, and no doubt the Revision Commission, if they were here to-day, would say that they had been given every information.

1928. As to the income that made up the money of the Chartered Gas Company, you have now alluded to the question of the quantity of gas sold; that was

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Mr. A. Gunn.

7 June 1875.

one subject which was thrashed out and inquired into, and evidence given on both dates before it was stopped by the Commissioners?—Yes.

1928. Give me any point with reference to the assessment of their income in which you think you have failed?—With reference to the stokers' strike there was nothing whatever in your replies, neither could we elicit it by any question which could indicate to the Commissioners that the quantity of gas would be greater in 1873 than in the year 1872, because of the strike; there was no information of that kind; it came out while the inquiry was going on. We were not able to predict that the strike having occurred in 1872, it was not going to occur in 1873.

1929. You have had time to recollect it now; tell me any point on which you say you failed, on which you think you would have succeeded?—There were several things that were not admitted by the officers.

1930. Tell me any point in which you failed which was not discussed?—The fullest inquiry was made into the case.

1931. How do you say that you failed, because the Commissioners decided against you?—Because the Corporation, to begin with, are not asking for fuller inquiry. I do not say that the inquiry has not been quite full enough, but I say that they have not presented the machinery of account before the Commissioners in such a way as we want to criticise the statement that is put before the Commission by the companies. I thought I had proved that, but I can repeat it if you wish.

1932. It is useless to keep on all day long discussing points that were discussed before the Commission, both sides being heard, and the Commission giving their decision; you may be dissatisfied with it, and we may have gone away happy, but that has nothing to do with the issue of to-day; the question is whether that system having failed, you should abolish all this machinery, which at very great cost was put in motion to protect ourselves?—To go at once to the question of the contingent and reserve fund, that in itself, apart altogether from any inquiry as to the annual expenditure, or the amount which should be paid from dividend, seems to me a warrant for changing the machinery.

1933. Can you give me anything in the case of the investigation into our income in which you have suffered injustice?—If my recollection serves me right there was a good deal said about coke at that inquiry, which of course comes on the income side.

1934. That is exactly an instance that hours and hours were spent in investigating the price of coke, what we were likely to get for it, what we ought to get for it, and what probably we did get for it; we may not have agreed in either hypothesis, but the subject was thrashed out thoroughly?—Yes; but we say that you will get a better price for your coke if you knew that your dividend is dependable upon the price that you get for it.

1935. That is a theoretical argument?—It is a perfectly sound commercial argument, and there is no getting away from it. If you have an interest in getting on your income side the largest income that you possibly can, you will do so, but if you have not an interest the income side may remain probably a little less than it should be.

1936. That is argument, not fact. Can you condescend upon any fact in reference to the estimate of our income, in which you say that there was a failure of justice towards the consumer for the want of a power to inquire?—You see when one does not know what the facts are, one cannot say. If I knew further the working of the company, I should be able to say whether they could have, in 1872 or 1873, practically shut up another station than Horseferry-road. I will call it 6,750 *l.* in the Horseferry-road.

1937. That was on the barest information furnished to you?—About Horseferry-road the only real reduction was that 6,750 *l.*

1938. That was all prospective, was it not?—Yes, certainly.

1939. What more could any human being have done in the shape of inquiry; could anybody do any more than make an approximate estimate of the probable saving by shutting up that station?—Clearly as regards that one point no doubt the information was given to us, but we were not in a position to say that any other station would be closed.

1940. On the whole, how could we, short of putting you in the position of being a director of the company yourself, have given you any fuller information?

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Mr. A. Gunn.
7 June 1875.

—Not as regards the Revision Commission probably; but we say it is hopeless to endeavour to continue the present state of things.

1941. I know you say that, but then your continually repeating it does not prove it; on the contrary, your experience points just the reverse?—You keep charging me with not bringing up facts; I may say on the other hand that any fact that I have brought up you at once lay on one side and say, Now give me another fact.

1942. Indeed I have not got anything to lay on one side yet; I am asking you for any facts within your experience since that revision of 1873 and 1874, anything that has come to your knowledge that enables you to say to the honourable Members of this Committee: Now here is a thing that we have discovered, and all the inquiry in the world would never have got it out before the Commissioners; give me an instance of that sort?—But it is difficult from the very nature of the case to suppose that such a thing could occur. How can we tell?

1943. Will you admit that you have not discovered anything?—Because we have not been behind the scenes.

1944. Will you admit that you have discovered anything when you have been before the scenes?—It is like a man saying he has not discovered anything when he has not been to look for it.

1945. Will you admit, being before the scenes instead of behind the scenes, that you have discovered anything?—I do not see how that can possibly help you.

1946. Will you answer my question, whether being before the scenes instead of behind, you have not discovered anything?—We have not discovered that the consumers have been damaged in the year 1873, within my knowledge, by the reticence of information on the part of the gas companies.

1947. That was not my question to you or anything approaching it; you having been before the scenes instead of behind, have you, since those revisions discovered anything that you are enabled to state to the Committee to show that the revision was an injustice to you, because you had no means of finding it out under the revision?—You will not accept this very palpable fact that the price charged by the Chartered Company, 4 s. 7½ d., is higher than any other price charged in the metropolis.

1948. That is a fact that you could not have found out under the revision; that is a result of the revision?—That is a state of things which surely cannot be very satisfactory, that each company with the Revision Commissioners—

1949. Will you confine yourself to answering my questions; I ask you any fact that you have discovered since the revision which ought to have been known to you at the time and with reference to which you can point out to this Committee that you suffered injustice through your inability to discover it?—We have not discovered a fact, but we have not been to look for it.

1950. Will you admit that you have not discovered any fact?—Of course, if it is worth anything to you.

1951. Now, I will leave the income question; then comes an inquiry of the probable expenditure which, being deducted from income, would leave the assumed amount of profit that we have earned?—Yes.

1952. With regard to that expenditure, do not embarrass your mind by talking about what you have discussed; have you discovered anything since the revision which would enable you, with regard to the expenditure, to tell the Committee that the revision did you injustice, because there were some facts which you were unable to discover through its means?—I think it is not exactly a thing chargeable against the company; but we say this, their expenditure on wear and tear is very irregular.

1953. Did not you know that at the time of the revision?—Certainly we did.

1954. Will you give me something that you did not know at the time of the revision, that you ought to have known, and the want of knowledge of which has done you an injustice?—The coal which you have bought during the year 1874 is, no doubt, less considerably than you estimated for.

1955. Could that fact have been known at the time of the revision?—That is just one of the things in which we are so at a loss and blind that we could not get at the facts; they could not have been known.

1956. Could it have been known at the time of the revision what the coal

coal would actually cost us?—Certainly not what it would actually cost.

1957. Will you point out any fact which you might have known at the time of the revision, and ought to have known, but which you did not know, and thereby have suffered?—Of course it is entirely a matter of detail. I will give you an instance. The balance of the cost of the strike of 1872, namely, 5,024 *l.*, ought to have been deducted from the dividend of the year 1872.

1958. You mean that it ought to have been paid out of the profits of 1872?—No; the dividend would have been less in 1872 by that.

1959. You do not mean that it should have been deducted from the declared dividend, but that it ought to have been paid out of the profits of 1872?—The dividend would have been less in the year 1872, if the company had properly reserved that amount of 5,024 *l.* to pay for the balance of the cost of the stokers' strike.

1960. Was not that thing disclosed in the revision of 1873?—It was brought before the attention of the Revision Commissioners, but they had no power to deduct it.

1961. Is that the only fact which was not known at the time of the revision; I am asking you for any fact unknown at the time of the revision which ought to have been known, which has been discovered since, and which enables you to say that you suffered an injustice?—With reference to this 5,024 *l.*, the Corporation of the City of London went to the Board of Trade upon it, and that 5,024 *l.* has positively been deducted during this last year.

1962. But I want to know was that subject discussed at the time of the revision?—It was so.

1963. Will you be kind enough to confine your mind to what I ask you; anything which was not discussed there in your favour that ought to have been discussed and might have been discussed, that you have since found out and would have discussed if you had known of it?—Certainly, this shows that the thing must have been bad in its condition, if I may say so.

1964. *Chairman.*] Will you answer the question. Can you give us a reason why you think there might have been something. Was there or was there not anything?—No, there is nothing which we have discovered since.

1965. *Mr. Serjeant Sargood.*] Then did you not have full opportunity on the revision of discussing everything which bore upon the subject to the fullest extent to which you desired to go into it?—As far as our information went.

1966. Has your information gone as far now as to show you that you omitted any subject that you did not know then?—I cannot adduce at the present moment any one case in which we failed.

1967. Then I may infer that, if you cannot prove one, you cannot make many?—Inasmuch as we found out those things not upon information furnished by you; I mean, that the information about the stokers' strike was not from you.

1968. Did we not in our accounts charge for the prospective expenses of the year a part of the stokers' strike expenses which were then outstanding unpaid?—Certainly you did; but you did not charge sufficient.

1969. You mean that the subject was not sufficiently thrashed out to shake your belief?—I say that in your estimated quantity of gas to be made in 1873 you did not at all recognise that fact that the gas consumption would be more in 1873 than in 1872; in the information that you gave us you gave no information of that kind.

1970. You recognised it for us?—It shows, during the process of the inquiry, a want of information on your part, and a something which was not clear upon your paper was elicited afterwards, and laid before the Commission.

1971. You want me to condescend upon one or two particulars. I will take 5,000 *l.* of Higgs. On page 10 the Commissioners say, with reference to that 5,000 *l.*, and I want to invite your attention to these words: "We disallow the sum of 5,000 *l.* included in the company's estimate of expenditure." There was no notion about the Revision Commissioners dictating to us whether the payment of that 5,000 *l.* should be allowed or disallowed in our account, was there?—Certainly not.

1972. They only said we will not allow you to estimate your expenditure of 1873 at 5,000 *l.* more than it should be by including that figure?—Yes.

Mr. A. Gunn.

7 June 1875.

1973. Do not you know perfectly well that they founded that upon the provision in the scheme for amalgamation, which showed that the 5,000 *l.* was to be a charge upon that part of the profit that had been already allocated to dividend?—Yes.

1974. Is not your memory good enough to know that when that point was mentioned, I, as their counsel, at once said: "I think that is perfectly right; I must consent to the 5,000 *l.* being struck out on that point?—Yes, I think you did.

1975. I am much obliged to you for so far doing us justice?—But the company did not do that on their statement.

1976. Probably, as a matter of account that year, they said, "That is to be paid out of a different account, and cannot be taken as part of the annual expenditure, and we struck it out instantly?—Yes, certainly.

1977. In order to show whether the idea of our having paid that money was a breach of faith or not, did the arbitrator's award, which is to be found also at page 263, paragraph 18, alluding to this very question, say, "The company had also expended for defalcation 5,000 *l.*, and for the stokers' strike 5,024 *l.*, which amounts have not been allowed for by us," because they have no power to allow or disallow?—Quite so.

1978. If so, therefore, that page 10 looks as if they were alive to that fact; they merely said as against the consumers, we cannot allow you these two items as part of the cost of producing gas for that year?—Yes.

1979. And beyond that disallowance they did not go?—No.

1980. Allow me to ask you this just in conclusion; you say that there is great hardship upon the consumers in not getting any portion of the profit of 1878 put into the insurance fund?—Yes.

1981. Had you been a Revision Commissioner, will you tell me how you would have managed to get it into the insurance fund yourself?—No; of course that could not be under the Act as it at present is drawn.

1982. Then it is the fault of Parliament, and not the fault of the company?—That is why the Corporation and the Board are coming for an alteration of the Act of Parliament.

1983. Supposing you had ample power in an Act of Parliament, I want to know how you would get it into the insurance fund then?—I must answer this rather indirectly.

1984. Anyhow you like, so that it is answered; if it is not direct enough, I will screw you up again?—It must be apparent to any 12 Englishmen that your putting on this 1 per cent. upon the price of gas for the insurance fund, which amounts to 30,000 *l.*, is wrongly putting it on to the price of the gas, and the whole of it may go to make up dividends; surely that cannot be a good state of things, because it is only in a dear year, when you come before the Revision Commissioners, that really that is included, because in a moderate priced year, say, for instance, the present year, now that you have made the price of the gas 3 *s.* 9 *d.*, I am sure in your estimates in your office you have not included anything for the insurance fund. It is not at all likely, because you see so much would be required to make up the dividend, leaving the insurance fund alone; and if in a dear year you, by Act of Parliament, put on the price of gas another 30,000 *l.*, there is no guarantee that any portion of that will go to the reserve fund.

1985. I agree that it is an indirect answer, so indirect that I am almost tempted to call it an evasion; but I will not say that to you, because you are so fair in all you say on these matters; but you only tempt me to repeat the question; if you do not want it dealt with in that way, how would you alter the Act of Parliament so as to draw that sum into the insurance fund?—It will be at the present amount.

1986. That is to say, there is no chance of your drawing it in at all?—When a company makes gas at 3 *s.* 9 *d.*, and shows a profit, they will carry the balance to the reserve fund.

1987. No doubt they will; and if you had made gas at 3 *s.* 9 *d.* in 1874, with a large insurance fund, you would have carried it then?—Yes, in 1874 you did; in 1873 you did not.

1988. In 1874, if the company made such a profit as to pay their 10 per cent. and leave a surplus, they would carry it to the insurance fund?—Certainly, but with

with a very high price of gas; 5 s. being the very highest price charged in the metropolis.

Mr. A. Gunn.

7 June 1875.

1989. They did not do it?—Of course they will do it.

1990. Do not you know that they did not?—I do not know the operations this year since Christmas.

1991. You do not know, as a matter of form, but practically you know it?—Yes.

1992. Then it all comes to this, that in 1873 they made enough for their dividend, and if they did not make anything beyond that they could put into the insurance fund, except that miserable 209 l.?—Yes.

1993. In 1874 they did make enough for their dividend, having a large price?—Yes.

1994. They made enough to fill up their insurance fund and for a profit beyond?—I cannot say that I know

1995. I do not mean officially, but theoretically, you do know that in 1874 they did make enough for their dividend?—Yes.

1996. And to fill up their insurance fund and a profit besides?—Yes.

1997. Do not you know that the profit is carried to the profit of this year, having a direct tendency to render it unnecessary for them to increase the price again?—Certainly.

1998. Which of the two years' revision do you find fault with; the revision that did not give them enough to put something into the reserve fund, or the revision that did?—We find fault with both years, because in both years there was a sum of 30,000 l. put there which, to some extent, diminished the care in the management which otherwise might have been probably necessary.

Tuesday, 8th June 1875.

MEMBERS PRESENT:

Mr. Birley.
Mr. Thomas Brassey.

Mr. Bristowe.
Mr. J. G. Talbot.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

Mr. *Arthur Gunn*, re-called ; further Cross-examined by Mr. *Serjeant Sargood*.

Mr. *A. Gunn*.
8 June 1875.

1999. You yesterday expressed yourself, on the part of the consumers, aggrieved at the result of the revision of 1873, that it did not put anything into what was called the insurance fund during that year?—Yes.

2000. You are aware, are you not, that by the Act of 1868 the insurance fund depends for its existence upon this fact, that there must be some surplus profit beyond that which is sufficient to pay 10 per cent.?—Yes.

2001. That being the existing principle of legislation, you do not suggest, do you, that the revision in any way interfered with that?—Yes, I do.

2002. Then be good enough to point out in what way the principles of legislation of 1868, under Clause 26, were in any way interfered with by the revision?—I did not say that the principles of that Act were interfered with, because the revision was under the Act. You said that I yesterday contended, on the part of the consumers, that they were aggrieved at the working of the revision committee in respect of the insurance fund ; I can tell you my reason for that.

2003. That is not what I asked ; I asked you whether you were aware of the principles embodied in the 1868 Act, namely, that the insurance fund could only be created out of surplus profits beyond the amount required to pay 10 per cent ; you said that you were aware of that?—Yes.

2004. Then I ask you, did the revision in any way interfere with the application of that principle?—There is no question that the revision was strictly legal.

2005. I did not ask you that ; I ask if the revision interferes with the application of that principle?—If the principle in the Act of Parliament is that the surplus profit in any ordinary year shall be applied to the reserve fund, that I can understand perfectly ; but I cannot believe that it was fully foreseen by Parliament that, although for a certain number of years prior to a cheap year nothing was carried to the insurance fund, in that dear year 30,000 *l.* should be provided for the insurance fund, and nothing whatever carried to it.

2006. That is very clever ; but I must go back. I do not ask you whether Parliament foresaw anything. If I am right in this, and you agree with me, that an insurance fund is only created out of the surplus profit beyond that which is enough to pay 10 per cent., did the revision in any way affect or interfere with that principle?—It interfered with another of the principles of that Act of Parliament.

2007. *Chairman*.] Could you answer that question ; did it interfere with that principle?—It did in an indirect way.

2008. Mr. *Serjeant Sargood*.] Now tell me, without describing how, what is the indirect way in which it interfered with the principle?—Side by side with that principle there is the principle through that Act of Parliament that there shall be due care and management, and by the action of the Revision Commissioners that principle is to some extent kept out of view in the application of the other principle, which you say is in the Act, by which 1 per cent. shall be added on in that year.

2009. Will

Mr. A. Gunn.

8 June 1875.

2009. Will you imagine this state of facts; that there has never been a revision at all. If the principle of due care and management exists in the Act, supposing there is no revision at all, and things are going on in their normal state from year to year, is not the principle enunciated in the Act that Parliament does require due care and management?—Certainly.

2010. If Parliament expects it as much without revision as with revision, I ask whether the revision interfered in any way with this principle of the 26th section, that the 10 per cent. dividend was to have precedence, and the insurance fund was to be a second charge, and not a concurrent or primary one?—It did not interfere with that which was the rule laid down by the Act of Parliament.

2011. That being so, as the principle of the Act without the revision is to give precedence to dividend, and the second place to the insurance fund, do you suggest, when there should happen to be a revision, that that order should be reversed or interfered with in any way?—I say most decidedly it should be interfered with in some way.

2012. In what way would you interfere with it to make the insurance fund concurrent with the dividend or preceding the dividend?—At the present moment the Board I represent is simply promoting a Bill which would remove the revision and make the whole matter dependent upon another state of things. Supposing that that Act of Parliament had not been in existence at that time—

2013-14. I do not suppose that. I suppose that the Act of Parliament is in existence, and that there is a revision, and that you conceive in it, in some way or other, that the principles are interfered with that you would modify. Now I give you one of two options; would you put the insurance fund before the dividend, or make it run concurrently and equally with the dividend?—I would say most decidedly that that was urged before the Commissioners on both occasions; that if during three or four years antecedent to a dear year nothing had been carried to reserve fund, there should be no provision made for the reserve fund or insurance fund in that dear year.

2015. Mr. Serjeant *Sargood* (to the *Witness*).] Would you give precedence to the insurance fund over the dividend in the event of revision?—I do not say that I would.

2016. Would you give it a concurrent claim upon the profits?—I have said that I think in a dear year no provision—

2017. I did not ask that; when there has been a revision, if you would not give the insurance fund a superior claim to dividend, would you give it a concurrent claim?—I do not say that I would do any such thing.

2018. Would you give it a modified claim?—I would give it a modified claim.

2019. You mean that, instead of allowing them to take their 10 per cent. and put something into the insurance fund out of the surplus, you would run down their 10 per cent. and get a little more into the insurance fund?—I do not say anything of the kind, neither do I mean it.

2020. What do you mean by a modified claim?—Such a modified claim as shall insure due care and management during the year, which is one of the vital principles of that Act of Parliament.

2021. It means nothing unless it is practicable; would you give it a claim upon that profit which would prevent their getting their 10 per cent. according to the principles of the arrangement of 1868?—No; I do not say that I would prevent them. We say that, with due care and management, without making any allowance for the insurance fund, when they come before the Revision Commissioners, they ought to be able to state their case and get the price fixed; and putting in an insurance fund over and above the other estimate, simply helps them to get the 10 per cent. dividend without the necessity of due care and management; it may have that result; that result may come about.

2022. Now, I ask you this boldly; we the Chartered Company having had a revision in 1873, and having got the price calculated in the way you have shown, which ultimately did not produce more than enough to pay 10 per cent. and a trifle which was not worth putting into the other fund, do you charge us with the absence of due care and management in that year?—I say that the state of things was such that due care and management was not guaranteed.

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2023. Will

Mr. A. Gann.

8 June 1875.

2023. Will you say yes or no?—No; I will not say yes or no.

2024. Due care and management not even being guaranteed to you by the process, you are not prepared to say that they did not exercise it, though they were not compelled to do so?—I do not say yes or no. I say there was no guarantee for the insurance fund.

2025. If your people, the consumers, have an honest charge against the company, if you really mean to say you think they have not acted fairly, why are not you bold enough to say it; I challenge you?—It is very difficult where we have not access to all the works, and books, and everything of the sort, to go into a charge of that kind, and the Board have no desire whatever to make the charge. We are not here to make charges against the companies. We accept the state of things, and say, Work the Act of Parliament as best you can, there are these objections against it. The price at which gas was sold in 1874 shows conclusively to me, and to many others, a tendency towards the want of due care and management. And there is this fact that the two companies that come up for revision required more per 1,000 cubic feet of gas than any other company in London; that whereas the Ratcliff Company's 3 s. 7 d. would have been sufficient for them, 4 s. 2½ d. for the Commercial, 4 s. 4½ d. for the Phoenix, and 4 s. 6 d. '54 for the Surrey Consumers, the Chartered required 4 s. 7½ d., and the Imperial 4 s. 6 d. '62.

2026. Now, I ask, do you present to the Committee that that is at all a proper test for judging whether the Chartered directors have exercised due care and management?—I think, with other things, it is a test that the public will at once lay hold of.

2027. I do not ask what the public would lay hold of. I ask you as an intelligent man, and a man of figures, and occupying a responsible position, and having great respect for your intelligence, do you point out to the Committee that that is anything approaching a test by which they can judge whether there has been due care and management?—When you ask me for a detailed and specific reason why I am saying that there was a tendency in things towards a want of due care and management, I must give you a small matter of detail; I do not say that I would ground the whole case upon that one small matter of detail.

2028. That I do not ask?—When you lay it before the Committee you say, Do you ground your case of due care and management upon that?

2029. I do not say that. I ask whether you would say that is in any way an index which will assist the Committee in judging whether there has been due care and management?—I say to a certain extent it gives that assistance.

2030. You bring up in this Bill a sliding scale which is patched up by that 48 A and 48 B, and 48 A and 48 B are called the Dividend Deposit Fund, are they not?—Yes.

2031. We are entitled under Clause 6 to get 10 per cent. if we can earn it, are we not?—Yes.

2032. Assuming that the year before last we were under your revised Bill, and that we had not got 10 per cent., and supposing that last year we had made 10 per cent. and got something to carry over to your 48 A and B clause, do you intend to pay our back dividend of the year before last out of it?—Oh! no, certainly not; back dividends are altogether contrary to mercantile principles, as understood in these days.

2033. Then, as I understand you, we are to be put in this position, if we earn a surplus this year beyond the 10 per cent., we are to put it into your 48 A and B excess?—Yes.

2034. And if we have not earned enough to pay ourselves the dividend last year, what you call the deficiency dividend fund is not to make it up to us?—Not except in that year or for that year.

2035. If I were unlucky enough last year not to get 10 per cent., and have had a capital year this year and have carried over a surplus, I am not out of the surplus which is called the dividend deficiency fund, to make up my deficiency on the dividend?—Certainly not. The Act of 1868, which is the latest gas legislation, provides nothing for back dividends.

2036. I do not talk of the Act of 1868; I talk of your new proposed idea. Say this year I am an unfortunate trader and I do not get 10 per cent., but I get 8, and next year by good luck or better management I get 12 per cent.?—Yes.

2037. Then

Mr. A. Gunn.

8 June 1875.

2037. Then the 10 per cent. is allowed, and the surplus is to drop into this newly invented deficiency fund?—Yes.

2038. Out of which I am not to pay myself the dividend deficiency of the previous year?—Certainly not; that is the state of things at the present time. The Chartered Gas Company in the latter half of the year 1872, only paid at the rate of 9 per cent. per annum dividend. In the year 1873, when they came before the Revising Commissioners, there was nothing allowed for the back dividend.

2039. And there was no fund pretending to provide for it?—No, and this does not provide for it.

2040. What is the meaning of a "Dividend Deficiency Fund," unless it is to make up the deficiency in the dividends?—Dividend deficiencies of the current year.

2041. *Chairman.*] If you turn to 48A you will see it says that this excess may accumulate at compound interest until the fund so formed amounts to a sum equal to 1-20th of the paid-up capital of such gas company, which sum shall form a fund to meet any deficiency which may at any time happen in the divisible profits of the company. Would not that mean that it was to be applied to make up back dividends?—Not back dividends, only future dividends; only dividends deficient at the time.

2042. Say that last year you only made 8 per cent., and this year you make 10 per cent., the 2 per cent. is put into the fund and it accumulates, not to enable the company to make up the 2 per cent. deficiency of last year, but to enable the company in any future year to make up any dividend to 10 per cent. which happens to be only 8 per cent.?—Yes, that is exactly the principle of things now.

2043. Mr. Serjeant *Sargood.*] Now I will turn my back upon the back dividends, and look at the front ones. Assuming that this year I have had an unlucky year and made only 7 per cent., I have no surplus of course?—The fund is not constituted; there is nothing in the fund; the fund is empty.

2044. Next year I am luckier, and I make 12 per cent.?—Yes.

2045. Then I divide 10 per cent., and put in 2 per cent.?—Yes.

2046. Then you say that if the next year I am unfortunate I may go to that box?—Yes.

2047. That you think is a sound principle?—Certainly.

2048. Supposing next year it is my misfortune only to make 6 per cent. with the utmost care and management?—Yes.

2049. And I go to my box and I take out the 2 which you think is right, and supplement the 6 and turn it into 8?—Yes.

2050. Am I never to get beyond that, however industrious I am, and make up the full 10 per cent. for that year?—Certainly not, and you cannot do it now. I can tell you the reason why it should be so.

2051. If you desire to justify it, do so?—If there is any provision of that kind it must encourage slackness of management. If it is known in an ordinary mercantile concern, say a factory, that in the year in which the management goes on, and the profit of that year depends upon that management, I think it is surely sound in principle that persons should trust to that year.

2052. So sound that I wonder you do not suggest to the Committee that such an arrangement had a tendency to invite them not to exercise due care and management, and I will tell you why. Let me invert my experiment; assume that this year I make 12 per cent. and divide 10 per cent. and put by 2; do not you think the fact of that 2 remaining is an invitation to such laxity of management as would only produce 8 per cent., in order to absorb the 2 per cent., knowing that if they do not get it that year they will never get it afterwards?—I have not followed it.

2053. If 12 per cent. is made in a year and they can only divide 10 per cent., does not that tend to encourage slack management by inducing them only to make 8 per cent., whereas they ought to make 12?—There is this decided encouragement to good management; the company is making 12; they say, we can only divide 10 per cent., perhaps we shall want the 2 next year to make up a bad dividend; therefore we must strenuously exert ourselves, and make the 12 per cent. for that; that is the greatest incitement to good management.

2054. I thought the essence of the plan depriving these people of any funds

Mr. A. Gunn.

8 June 1875.

out of which they could pay back dividend, was that they might not have an inducement to the slack management that you are inviting them to?—I say it does not invite them to it.

2055. Now as to the sliding scale notion; as I understand you having fixed a normal price, you allow them to make 10 per cent. if they can?—Yes.

2056. But if they want to put the price up, they must put the dividend down?—Yes.

2057. Assuming for the moment that there is some show of equity in that, do you propose to put the price down to let the dividend go up?—No.

2058. Tell me the reason why you do not give due equity on both sides?—Because 10 per cent. is no doubt the limit that is fairly given to all monopolies. The gas companies have a perfect monopoly in London. There is no competition whatever; and we say that the dividend should not go beyond 10 per cent. because of that monopoly.

2059. Then you fix the maximum dividend at 10 per cent.?—Yes.

2060. If your theory is a sound one, do not you think that on the sliding scale you ought to let them, when they have saved enough, pay up all the back dividends?—No, that would encourage slackness of management.

2061. Would not it encourage most stringent management if you said, we will let you increase your dividend as fast as you decrease your price?—But then you have the monopoly staring in your face.

2062. What difference does it make to you whether they make 10 per cent. or 15 per cent., if your gas goes down in proportion to price?—Because we say 10 per cent. is enough to pay, having given the monopoly to the gas companies.

2063. It is a sliding scale in which the manufacturer always slides to the bad, and the consumers to the good?—No, there is a provision given for the good in the Clause 48 a.

2064. If 3 s. 9 d. was a fair and proper price to gain 10 per cent. in 1868, was it an equally fair one in 1873, when, by your own confession, the price of coal was very much higher, and the price of labour and the price of materials?—Of course there must have been an advance upon 3 s. 9 d., and that might have been met by the reserve fund,

2065. How could it be so in 1868?—Here you have the fact that the Imperial Company did make up their deficiency.

2066. I talk of the Chartered?—The Chartered have no reserve fund; put yourself in the possession of a reserve fund.

2067. No, I put myself in the position of Counsel for the Chartered Company, and I am showing the effect upon them. Now, apply your mind to my proposition; if 3 s. 9 d. in 1868 was a fair normal price, out of which we were likely to get 10 per cent., do you think 3 s. 9 d. equally fair in 1873, when coals, material, and labour had gone up?—No, I do not think it was.

2068. Was not it therefore consistent with all principle, as well as common sense, that the price should be arranged as it was in 1868, having reference to the fact that it was the price which they believed we could make 10 per cent. out of?—It is so now; the initial price is fixed at 3 s. 9 d. as in the 1868 Bill.

2069. It is not fixed now; it was fixed then, and we have not sought to change it; it was fixed in 1873 and 1874 in accordance with the principles of the Act of 1868?—Yes.

2070. Namely, that the price was something out of which we were likely to make 10 per cent., and we were entitled to do it if we could?—I cannot quite see the point of the question.

2071. Did not Mr. Cardwell's legislation in 1868 concede this, that you should fix a price, which with due care and management was calculated to give us 10 per cent.?—Yes.

2072. Were not the Revision Commissioners told that if they had occasion to arrange that price at a different figure, they were to do it in such a way as with due care and management should give us a dividend approximating, and not exceeding 10 per cent.?—Yes.

2073. Was not that principle consistent?—I do not understand what you mean by the principle of the Act of 1868.

2074. Was not the principle which the Commissioners were directed to follow and consider, the same principle as the Act of 1868?—In that respect.

2075. Do

Mr. A. Gunn.

8 June 1875.

2075. Do you seek to upset that principle?—No, but we seek to upset the other principle of the insurance fund.

2076. Do you seek to upset the principle which involves this idea, that, whatever the price is it shall be a price calculated to give us 10 per cent., if with due care and management we can make it?—The Board is prepared to show you that with due care and management 3 s. 9 d. is a fair price.

2077. Mr. Serjeant *Sargood*.] Do you seek to upset that?—No.

2078. In what way do you apply your sliding scale to carry out and perpetuate the principle. Supposing 3 s. 9 d. is admitted to be a price that would give us with due care and management 10 per cent., and we put it up to a price which is just sufficient to give us 10 per cent.; do not you interfere with the principle when you say that the moment you put it up you shall put your 10 per cent. down?—No, because in a run of years there are so many years in which coal is cheap, and it is only an exceptional state of things when coal is dear, that the 10 per cent. cannot be earned with the 3 s. 9 d.; then provision is made that in the ordinary average of moderate progressive years the reserve fund shall go on accumulating, so that in a dear year you are sure of your 10 per cent. with the 3 s. 9 d.

2079. The moment you tell me that by putting up the price, aiming at 10 per cent., you remove the target and put it down to 8 per cent., how do you say that you are consistently keeping up the principle that the price is to secure 10 per cent.?—It is secured by the reserve fund.

2080. The reserve fund is an after thought?—It is the Bill.

2081. You have only put it into the Bill since you have been in this room, to bolster up your sliding scale theory?—It is the Bill.

2082. If you concede that the principle is a right one, that we are to have 10 per cent. with due care and management, and that the price is to be fixed so as to give us that, and you do not seek to interfere with that, how can you say that is consistent with your 6th clause, that the moment the price is interfered with, down goes the dividend?—It might appear to be inconsistent in one way, but looking at it altogether and taking the experience of gas management, we say that you are sure of your 10 per cent. still under this Bill.

2083. You are a man of figures, and it is of no use dealing in platitudes in that way. If 10 per cent. be fair and the price is knocked down to 8 per cent., and we dare not take more than 8 per cent. out of our profits, you have told me I shall not have it in any future year as a back dividend; that means you have taken 2 per cent. off my 10 per cent., which you will not let me recoup by industry, how is that consistent with what you state now?—It is not that state of things now. In 1868 you were not sure of your 10 per cent.; in 1872 the Chartered Company gave a dividend only of 9 per cent. per annum.

2084. We are sure of it if we can earn it?—So you are under this Bill.

2085. *Chairman*.] What you mean is this, while you cannot say for a certainty that they would be sure of earning it, you think they will be able to earn it?—Yes.

2086. Mr. Serjeant *Sargood*.] You are so well conversant with mercantile principles that you have adopted Mr. Livesey's theory and talked about the consumers having a mutual interest with producers, which is a somewhat incongruous idea in a mercantile sense, but it is not an unfrequent thing in mercantile firms for one man to find the money and another brains, and divide the profit?—In some places it is so.

2087. It is not also infrequent that where you have practical men, each of the three partners will find the money, and each of the three will attend to business?—Yes.

2088. And divide the profit equally?—If they had equal capital, or you would let them take their interest on capital first.

2089. I know you are quite alive to mercantile ideas; that is a sensible thing, where they have an equal capital, and an equal share in profits, that the partners should have the interest upon their capital first, and a division of the profits afterwards?—Yes, certainly.

2090. Assuming the theory is a right one, that no gas company, however honest and industrious, should ever earn more than 10 per cent., do not you think before you meddle with the principle, that it would be fair to provide a minimum dividend which should be called interest on capital, before you talk of

Mr. A. Gunn.

8 June 1875.

giving the consumers any interest in the profit, to which they have neither contributed in capital or brains?—Then you suppose that a mercantile firm has the power of going to their customers to make up the five per cent. interest on capital, because it is not to put down 10 per cent. first before they divide the profits; but then the two things are different in this respect; a mercantile firm, if they have made a bad year, cannot go to their customers and say, we want to charge a higher price, in order to make up our interest on capital first, leaving profits out of the question; that is what you do to the gas consumers; you go to the consumers and say, we must have interest upon capital first.

2091. Do not you know it is the fact in some mercantile firms that when they have had an unprofitable year, and there is only enough to pay interest on capital, that the partners get their interest quite irrespective of whether there are any surplus profits to divide *quid* profit?—They do not get 10 per cent.

2092. I do not ask you about 10 per cent.; you started the theory, I did not?—If your questions assume something which I by giving a direct answer, yes or no, admit—

2093. My question assumes this, if you want to restrict them to a maximum dividend out of their profits, when they have been industrious and fortunate, do not you think it fair that you should guarantee them a minimum dividend in the shape of ordinary interest on their capital, before you begin to talk about the consumers sharing in the surplus profits?—No, and for this reason, because there is no mercantile establishment that does it at all; if the custom of an establishment; if their business does not by its natural working bring them in five per cent. interest, the partners would not take the five per cent. interest, and charge the interest in a future year.

2094. Now as to the capital; what question was excluded from consideration before the Commissioners as to regulating the price; at present you complain that you have no mode of supervising the capital?—Yes.

2095. As a starting point, you are quite aware that no company can raise capital except by permission of Parliament?—Yes.

2096. And they have to come here for an Act, and make out a case that they require the capital?—Yes.

2097. I am willing to concede this to you, that the capital is not immediately needed for the next two or three years, because the principle of Parliament is to give sufficient capital to prevent the necessity of our coming again?—Yes.

2098. You admit that the amount of capital ultimately to be raised has obtained the sanction of Parliament as soon as we get the Act?—Yes.

2099. What more do you want than that. What control do you want over the direction in reference to the sum we raise, and the amount we raise, and the price at which we raise the capital?—I may state as a fact now that public bodies are very much restricted in their raising of capital where the interest falls upon the ratepayers, or the consumers, for they are both one and the same.

2100. I wish you could manage not to make a small speech, I ask what control you want exercised over the direction in reference to the three objects I have given you; that is, the amount they shall raise, the time at which they shall raise it, and the terms on which they shall raise it?—There ought to be some machinery by which they would be checked in raising the money before their time, and this Bill would do that.

2101. Tell me how the Bill is to operate in controlling the directors who have the liberty to raise 1,000,000 £, as to the time at which they will raise it?—Because clearly every fresh—

2102. Tell me where the Bill does it?—The 6th clause; of course every fresh issue of capital to some extent—

2103. Read the words?—"For every penny or part of a penny charged in excess of such maximum price in any year the said prescribed rate of dividend shall for such year be reduced by 5 s. per 100 £. per annum, and the provisions of this Act shall, with respect to such year, be read and have effect as if the prescribed rate of dividend so reduced had been therein mentioned, instead of the prescribed rate of dividend."

2104. That does not affect the question; I do not talk of raising the dividend per cent; the aggregate amount is raised if the capital is larger; this is a clause affecting the 10 per cent. or the 7 or 8 per cent.?—Yes.

2105. What control does this show?—The control is that of self-control.

With

With this Clause before them the company would not issue capital before it be absolutely needed.

2106. How does this Clause affect the question of the amount of capital or the amount of dividend in the aggregate?—It affects it most materially, because if the rate of dividend is dependent upon the profit of the year, and the profit of the year is dependent upon the capital being only obtained at a moderate rate, this Clause keeps the capital down.

2107. That second "if" is just the thing you have not hit; where does this Clause at all control the directors and make them rather raise their capital in the month of July than in the previous month of January?—My answer is an answer to your question.

2108. I do not think it is; it is in this way, when more capital is raised by a company, the probability or certainty of their earnings enabling them to divide 10 per cent., is to some extent diminished, and, therefore, they will keep the capital as low as possible in order to make the profit sure.

2109. You would be right if your theory is right; but as their amount of dividend does not depend upon the amount of their capital, but upon the price of their gas; that is the only thing that this Section does; what you do is, you complain that the directors by raising capital in January that ought not to be raised till the following year, are taxing the capital with the dividend needlessly, and I want to know how this section prevents it?—Supposing the price of gas is 3 s. 9 d. for 10 per cent. to be divided in that year, and the companies say, we want another quarter of a million of capital raised, if we raise that quarter of a million in this year, if we to that extent endanger our dividing the 10 per cent., we will put it off till the next year; that is always done in every City circle.

2110. It is a board-room argument?—It is a thorough mercantile argument.

2111. Show it me in the section?—Section 6.

2112. *Chairman.*] Do not you mean that this would follow from the first part of Section 6; not from the part you read, but from the part which says that the price shall never exceed 3 s. 9 d.?—The second part you see is, so to say, a penalty.

2113. But the first part says that it never is to exceed 3 s. 9 d.; as it never is to exceed 3 s. 9 d., a capital of 1,000,000 l. might enable 10 per cent. to be divided, whereas a capital of a million and a quarter would not?—Yes.

2114. That is what you mean?—Yes; that clause goes on providing that the gas company may increase that maximum.

2115. *Mr. Serjeant Sargood.*] Will you adopt that idea?—Yes.

2116. You do adopt that idea?—Yes.

2117. Your complaint is that by raising the capital they do get their dividend, because they earn it; and thereby get so much more out of the public than they ought to get?—Yes; because they come before the Revision Commissioners and say, We want it.

2118. That theory will not do, because if they raise the capital, and fail to get the dividend, you have no right to complain. What check have you upon them in this Bill against raising the capital unduly on which they can earn 10 per cent., and to divide it; you have none?—Certainly not, but your hypothesis is not a correct one. There is no company that is sure that two years, three years, or four years hence —

2119. I am not talking of that?—Of course the price of coal has only an effect upon the year in which that coal is consumed, but the raising of capital has an effect upon all time afterwards.

2120. No doubt that is so!—And therefore this clause will most effectually, as we think, prevent the raising of capital before it is wanted.

2121. That has not the slightest bearing upon the subject. If your complaint is that they raise the capital improvidently, as you call it, it is only improvident because it bears fruit at 10 per cent.; is that what you call an improvidence towards the public?—Yes.

2122. You do not suppose that they would raise the capital unless they thought they were going to get a dividend, do you?—I say they might raise more capital than is necessary.

2123. Cannot you say, Yes; do you think they would raise the capital if

Mr. A. Gunn.

8 June 1875.

they thought they would not get a dividend?—Certainly not; and that is the very point of this clause.

2124. Do not you suppose that all capital raised is capital that is intended to be used?—Yes.

2125. Do not you think, as a commercial theory, that when these men raise capital, they ought to look to that capital earning its own dividend?—Certainly.

2126. And if it earns its own dividend, the work it is doing could not be done without that capital?—There you go a step too far. Supposing that the building of a retort house might be done for 10,000 *l.*, then if the state of things is such that by making it cost 15,000 *l.*, it is a positive gain to the proprietors of that company, and that is the state of things now.

2127. That is unproductive capital?—It is productive to the shareholders, but unproductive as regards the consumers.

2128. That is an improvident outlay of capital?—Certainly.

2129. Does Clause 6 affect that?—I cannot say.

2130. You think it does?—Yes.

2131. You do not propose any supervision at all; having complained that these gentlemen have an inducement to raise capital unduly, you do not propose to supervise it in any way?—Not to supervise it. Take for instance the Chartered Company; if they raise capital, and they say, Well, this may not be wanted till next year, surely they would put it off, but in the present state of things they may raise the capital at once, if it is not wanted for two or three years, and to some extent they would be sure of their dividend with the Revision Commissioners.

2132. Now, supposing the Revision Commissioners had thought they could have dealt with the subject of capital, how did you propose to deal with it?—Then the testimony of engineers who went to Beckton would have been of some weight as to whether Beckton was built as economically as possible.

2133. Of course, you know the question was challenged; I will go to the Imperial to that extent; the question was challenged in the Imperial case, and the Revision Commissioners were asked to go and exercise their own judgment upon the works of the Imperial Company?—Yes.

2134. They were invited, even though they could not sufficiently act upon it, to express an adverse opinion, if they had grounds for doing so?—Yes.

2135. And they went?—Yes.

2136. They did not condescend to express an adverse opinion against the company in favour of the public?—It would have been very gratuitous if they had done so; they were simply judges as regards the price, and any element which was shut out from their consideration, in fixing the price, they had nothing whatever to do with.

2137. But they could judge whether they saw extravagance in the works?—Possibly they did form a judgment, but they did not express it.

2138. Let me ask you if, on behalf of the consumers, you have any objection to this Committee visiting the works at Beckton, and seeing the works and the character of them, and forming their own opinion?—That I must leave to the counsel conducting the case.

2139. I ask whether the consumers object to it?—The consumers would make no objection to any individual gentleman going down to Beckton.

2140. I mean the Committee in a body, if they could go?—I cannot answer that.

2141. Mr. Serjeant *Sargood*.] Do you happen to be a consumer yourself?—Yes.

2142. Pardon me if I put it in that form?—Yes; and I also pay rates here which some gentlemen do not pay who live outside London. I do not appear here as a consumer.

2143. You talk also of another branch of the case, namely, raising money at the lowest possible rate to carry on these works?—Yes.

2144. Are you aware that the principle of Parliament has been to protect the public against lending their money to companies, by not allowing the companies to borrow more than would bear a certain proportion to their capital already raised. Hitherto Parliament has said, We will grant to companies the privilege to borrow, but we will protect the public by not allowing them to borrow more than a certain portion of their capital, and that only upon their capital as called up?—Yes.

Mr. A. Guin.

8 June 1875.

2145. Do you propose to invert the order of things, and make them borrow first and raise their share capital afterwards?—No; we leave it to work in its natural way. The Corporation and the Metropolitan Board together are as anxious as possible that the working of the thing should be natural.

2146. It must be statutable not natural?—And we say that by this machinery the company will have every interest in getting money at the cheapest possible rate.

2147. Are they not entitled to raise their money on shares rather than by borrowing it of strangers?—Certainly, they might be, but if they could borrow of strangers at 5 per cent., you cannot say that it would be fair that they should prefer to raise it themselves at 10 per cent.

2148. Cannot I. Now let me put this hypothesis to you. Supposing mercantile men in a co-partnership banded together in a certain trade for a profit with a certain amount of capital in their pockets, would they look upon it as a reasonable proposition to say to them, Keep your capital idle, gentlemen, in your pockets, and borrow money at 5 per cent. to carry on your trade; would it be a fair proposition?—No, but partners are not guaranteed a 10 per cent. dividend, and they have not the Revision Commissioners to come to.

2149. Having held out the idea of a guaranteed 10 per cent. why should you say, Now, gentlemen, you may band yourselves together in commerce to earn 10 per cent., but mind I expect you to borrow the capital from your friends at 5 per cent., and not to put your own money in and earn 10 per cent.?—Because the cases are so different. Here is a gas company which can go to the consumers and charge the consumers a price, whereas the head of a mercantile house cannot compel his customers to pay the 5 per cent.; and supposing 5 per cent. is not made by the business, it goes on to the next year, and so on, and the business becomes bankrupt, but that state of things is different to the state of things here.

2150. If you talk of a guaranteed dividend of 10 per cent. what can it possibly matter to you whether they borrow the money of their friends or put it down out of their own pockets, except this, that if they borrow it you say they shall not have 10 per cent. dividend; they shall have no profit at all, but shall give up to the lender so much in the way of interest?—Money is the same thing as anything else, they can buy it in the market for 5 per cent., and there is no reason why they should give more.

2151. Supposing instead of raising capital by shares they bought it at 5 per cent., they would pay 5 per cent. to the lender out of the profits they made, and they would have no right to the surplus as shareholders, because they would not have contributed anything; it is a monstrous proposition; why should men who are shareholders, allowed to earn a maximum dividend, be told to go and borrow their capital of other people against their will, getting no return themselves for so much of the capital as is borrowed?—Because if a shareholder has got a certain amount of capital allotted to him, for the 100 l. he pays over to the company, he can go into the market and make a 70 l. premium.

2152. You talk entirely of another subject, you talk of the question of issuing new shares at a premium; I do not talk of anything of the sort?—You ask why it is not just that the shareholder should pocket as much as he liked.

2153. I do not put that at all; what I put is this, the power to borrow money on the part of the company is a concession to that company granted by Parliament?—Yes.

2154. There is no obligation upon them to use it?—No.

2155. Parliament has said, if you like to subscribe all your money in shares you may get 10 per cent.?—Yes.

2156. As they are banded together for that purpose, why should you tell them to borrow it at 5 per cent. for the benefit of the lenders, instead of subscribing it themselves?—We say it is not fair with this great premium and with this monopoly (for it is a monopoly) that a shareholder should have an opportunity of subscribing the capital with all this great premium attached to it, unless there is some corresponding advantage to the consumers. Of this million of capital that is to be raised by the Chartered Company, 700,000 l. will go as premium. The last business done was 18 l. for a 10 l. share; that is, Parliament having allowed this company to raise a million of capital, virtually they

Mr. A. Green.

8 June 1875.

give 800,000 *l.* to the shareholders of that company, because in the market that million of money is worth 1,800,000 *l.*

2157. That is to say, if I as a gas shareholder choose to subscribe for 100 *l.* worth of new capital it stands at a premium, because the security is considered so good to the investor?—Yes.

2158. And that you think is not fair?—I think unless there is some great risk or uncertainty, there is a very great favour shown to the gas company, which an ordinary mercantile company does not possess.

2159. *Chairman.*] When you have been stating that the Chartered Gas Company, in issuing shares to the amount of a million, really get a premium of 80,000 *l.*, under what Act of Parliament are they able to issue those shares?—Under the Companies Clauses Act of 1863, by which the shares are allotted to the shareholders.

2160. By what section; do you mean that it is under the special Act of 1872, embodying a certain section of the Gas Clauses Act?—The Act of 1872 incorporates with it the general Act, which is the Companies Clauses Act.

Mr. Serjeant Sargood.] The Companies Clauses Act is the Act of 1863. The 17th Clause provides this: “If, at the time of the issue of new shares or new stock, the ordinary shares or ordinary stock of the company are, or is, at a premium, then, unless the company before the issue of the new shares or new stock otherwise determines, the new shares or new stock then issued, shall be of such amount as will conveniently allow the same to be apportioned among the then holders of the then ordinary stock and ordinary shares respectively, in proportion as nearly as conveniently may be, to the ordinary shares and ordinary stock held by them respectively, and shall be offered to them at par in that proportion: Provided, that it shall not be obligatory on the company so to apportion or offer any new shares or new stock, unless the amount of every new share or portion of new stock to be so offered would, if so apportioned, be at least the sum prescribed in the special Act, and if no sum is prescribed, then at least ten pounds.”

Chairman.] Will you give me the actual wording which incorporates that?

Mr. Serjeant Sargood.] It is our Act of 1868, page 2, and the fourth line.

Witness.] The allotment in the case of the Chartered Company was one new share to every five old ones.

2161. *Mr. Serjeant Sargood.*] It simply comes to this, that though the price in the market is more than 10 *l.*, at which the share is issued, the holder of the share only gets a dividend on 10 *l.*?—Certainly.

2162. And if he sells his share to the public, thereby making a gain, the public which gives 13 *l.* do not get 10 per cent. upon their purchase money?—No.

2163. *Chairman.*] I understand, taking the Beckton Works for example, supposing there was 100,000 *l.* more spent upon them than need have been spent, yet that the Act of Parliament would enable the Chartered Gas Company to allot to the shareholders *pro rata* their share of that 100,000 *l.* upon which they would, in all probability, get 10 per cent. dividend?—Yes.

2164. *Mr. Serjeant Sargood.*] Whether the capital was improvidently spent at Beckton, or improvidently spent in any other place, the company issues its new capital to its existing shareholders under the authority of the Act of Parliament?—Yes.

2165. And because it is compelled to do so?—Yes.

2166. You have accepted the proposition that the Right honourable Chairman has fairly put to you, that they being forced to give the option to their own shareholders, it involves this, that if the capital is improvidently raised and spent, the shareholders get the benefit?—Yes.

2167. But if providently raised and spent, and necessarily raised and spent, the same thing occurs?—Yes.

2168. Therefore

Mr. A. Gwyn.
8 June 1875.

2168. Therefore it is not dependent upon providence or improvidence; it is dependent upon the statutory obligation when capital is raised, to distribute it in that particular form?—Yes.

2169. But I understood you to be directing your attention to another species of hardship; you think it unfair that this new share of 10*l.* should be allotted to the existing shareholders under this Act of Parliament, when in the market it would fetch 13*l.*?—Where do you get your 13*l.*? it is 18*l.*

2170. I am talking of the new million of capital under the Act of 1872?—Yes.

2171. Then 13*l.* is the price?—That is the five per cent. preference.

2172. You complain that the shares of 10*l.* in the market, should be given to the existing shareholders under this Act of Parliament at the price of 10*l.*?—Yes.

2173. You think it ought to go to the public, and ought to allow them to subscribe their 13*l.*, and that the shareholder is not to get any benefit, except by competition?—No, I think it should be fair on both sides; there is no object whatever in pressing gas companies to raise their capital at an unremunerative rate; all we say on behalf of the consumers is, let us be fair on both sides; here is 1,000,000*l.*; in five years it will be 1,800,000*l.* in the market, and we do not think it fair that you should be able to have all that advantage, and the consumers should through the revision machinery be compelled to pay you 10 per cent. upon it.

2174. I want to get a practical idea, and not a platitude of this sort, from you. If a share ought not to be given to a shareholder at 10*l.*, because it is worth 13*l.* in the market, do you practically suggest that it ought to be sent into the market to be bought by the public?—No, but I would say it is a glaring case.

2175. Give me a remedy?—I am not here to propose a remedy except the remedy in the Bill, and this Bill does meet it.

2176. Show me in what clause?—The Bill says that the Gas Company will henceforth have an interest in raising their capital, not only not before they want it, but in as moderate quantities as they want it; and if at Beckton they could save 100,000*l.*, it would be to their interest under the Bill to save that 100,000*l.*, whereas now it is their interest to expend more than is necessary by 100,000*l.*

2177. They cannot get their dividend unless they earn it, and, therefore, they have exactly the same interest now in not raising more capital than they can cover by the earned amount of money for dividend?—That is not the fact.

2178. If they raise capital, the dividend on which in bulk requires more than 10 per cent., and they cannot earn it, they do not get it?—Yes, they do, by the revision machinery; that is a glaring fact, that by the revision machinery they may expend 100,000*l.* more in the construction of works than is absolutely necessary, and it is not the shareholder who suffers from the excess of expenditure, but it is the consumer who suffers. The shareholder suffers in no degree whatever; the consumers have to pay it all.

2179. You do not suggest any means by which the Revision Commissioners affect the matter?—The 6th clause.

2180. The 6th clause was not before the Revision Commissioners; I want to know what you propose the Revision Commissioners to do; assume that they had not gone to Beckton, and they had said, we agree with the consumers, that all this gilding and tomfoolery about these works, that have cost 20,000*l.*, ought not to be here, assuming there is any; what would you then have the Commissioners to do; simply disallow dividend upon so much of the capital?—Certainly, that was what was pressed upon them.

2181. That would be the practical mode in which you would have met the difficulty?—Yes.

2182. Tell me which of the shareholders you would have knocked the dividend off from?—There again you use the phrase “disallow,” and in two different ways that phrase is used; yesterday you brought it out and said that when the Commissioners used the word “disallow,” they only disallow in the estimate for the year, they do not disallow from the shareholders.

2183. The moment you succeed in giving to the Commissioners this most important mode of dealing with capital, and saying as to so much of the 100,000*l.* upon your capital, I will not allow any dividend, which of the share-

Mr. A. Gunn.

8 June 1875.

holders are to feel that?—The Revision Commissioners would simply have disallowed it in the estimate for the year.

2184. They would not have given us the price to enable us to earn it?—That is so.

2185. Assuming they had been successful in that, and prevented our earning just such an amount of money as would have represented the dividend upon 50,000 *l.* worth of shares: who are to bear the loss?—The shareholders most certainly, because they are represented in the directorate, and if they are not satisfied that the directors are carrying out the affairs of the company properly, they have the power of removing those directors, and appointing others, and it is upon them the loss should fall.

2186. I wish you would not talk about remedy; if the dividend upon 50,000 *l.* has been disallowed, and we have not been able to earn it, on whose shoulders is the loss to fall?—Upon every one of the shareholders the dividend is to be diminished.

2187. You propose that if I am a shareholder subscribing 5,000 *l.* in shares, 10 or 20 years ago, and it happens in raising the new capital this year some Revision Commissioner thinks it is rather improvident, not that the men who subscribe the capital, but that we, old stagers who have nothing to say to it, should suffer for it?—Certainly, it must be so, of course, and it is so in a mercantile company; or take a mercantile company, a person who has subscribed his capital 20 years ago, of course, suffers from the management of those persons; he cannot help it.

2188. One word in conclusion, you say with reference to our new million under the Act of 1872, that we have still about one-half of it to raise?—Yes.

2189. You know we have done that under the terms of the existing Acts of Parliament?—Yes.

2190. The holders of that stock hold it upon those terms, or fancy they do?—Yes.

2191. So you propose by your Bill to reverse their status, or you interfere with it?—The Bill does not propose to abrogate any power of the shareholders under the existing Act of Parliament.

2192. Do you propose to reserve the status, or reverse it?—It will not touch the borrowing powers under this Bill.

2193. The present shareholders of the half a million, hold it subject to the provisions of certain Acts of Parliament expecting benefit out of the Act?—Yes.

2194. Do you put in any clause to preserve their rights, or subject them to the operation of a new Bill, which will change the state of things?—They will have still their rights to raise capital.

2195. I do not talk of rights to raise capital; you have complained of the way in which a certain amount of one million of capital has been raised, as not being fair to the consumers, but it is raised?—Yes.

2196. It is raised, and it is in the hands of certain people?—Yes.

2197. Who are looking for their returns according to the provisions of the existing Statutes?—Yes.

2198. Do you propose to reserve to them all their existing rights, or do you propose in any way to modify or interfere with them by the new Bill?—Their right will be interfered with to this extent, that unless the directors manage the company properly, they will not be sure of their 10 per cent.

Re-examined by Mr. Cripps.

2199. I have a very few questions to ask you. As to that last point: the shareholders are represented for all purposes by the directors of the company, are they not?—Yes.

2200. And the directors of the company appoint and superintend the officers and servants of the company?—Yes.

2201. Unless those directors who are elected by the shareholders exercise due care and management, the shareholders would have no right to the dividend, which depends upon that management?—No, certainly not.

2202. And if we give them such a price as, with due care and management, would leave the shareholder the profit they expect under the Act of Parliament, that is all that can be required?—Yes.

2203. They

2203. They do not get under any Act of Parliament any absolute guarantee that they shall have a dividend irrespective of due care and management as traders?—Certainly not.

2204. And the only concern is to take care that they shall have it so long as they have due care and management?—Yes.

2205. But in the absence of due care they shall have no guarantee?—Certainly.

2206. By the operation of the Act of Parliament, the consumers, and not the shareholders, are the parties who are really interested in due care and management, are they not?—Most materially.

2207. The shareholders are guaranteed by their revision clauses—Yes.

2208. But whether the consumers get the gas cheaper or not must depend upon the care and management of the concern by the directors?—Quite so.

2209. That is to say, the price to the consumer now depends upon how persons shall manage the company, over whom the consumers have no power whatever?—Yes.

2210. And the object is to give the consumers, as far as possible, some legislation, and check upon those directors whom they do not appoint, and whom they cannot control otherwise?—It is so.

2211. Now I will come back very shortly to the commencement of my learned friend, Mr. Serjeant Sargood's, cross-examination with reference to the revision, and I see that for a considerable long time he seems to treat the matter as of the simplest possible description. The first matter to be supported before the Commission was as to the income from gas, that is so?—Yes.

2212. Now in order to ascertain what the income from gas would be in the coming year, it was necessary, was it not, to ascertain what it was in the past year?—Yes.

2213. But then that was entirely supplemented by the estimate, and it might be very different from unforeseen causes in the coming year?—That was so in Revision of 1873, particularly.

2214. All those causes which disturb the figures of the preceding year, were to be gone into, and considered by the company themselves?—Yes.

2215. And that depended upon the statement which their officers might make as to prospective probability?—Yes.

2216. Then all that statement which my learned friend, Mr. Serjeant Sargood, says was so clearly to be got from a number of figures, was after all only partially to guide the Commissioners, who had really to decide the price for the coming year?—Yes; those figures have to be investigated, and any facts that the company had not acquainted us with had to be got at as best we could, and it was a most inconvenient thing the information was not always accessible; not through any want of courtesy on the part of the company in not showing us what we asked for, but from the very nature of the case.

2217. But after we had gone into those figures they were not conclusive, because they were for a past year, and we were fixing the price for a future year?—Yes.

2218. And therefore it was open to the officers of the company to show in favour of the company any difference they could suggest, as between what had happened in the year 1873, and what would probably happen in the year 1874?—Yes.

2219. And that you are aware in the evidence they largely availed themselves of?—Yes.

2220-21. You do not state that the figures were not given us because we got abundant figures?—Yes.

2222. Mr. *Cripps*.] With reference to gas that was sold in the past year or to be sold in a future year, that also was complicated, was it not, by the statement that the gas produced and the gas sold were not the same?—Yes.

2223. A considerable portion of the gas produced was never sold because it went in leakage?—Yes, there was that item.

2224. That again was a matter entirely for the officers of the company?—It comes out in the accounts now; it did not then.

2225. It was a matter to be inquired into upon evidence; how much leakage did occur, and how much ought to occur, two totally different things?—Yes.

2226. Again, the greater portion of the gas produced was consumed in the works themselves?—Yes.

Mr. A. Gwyn.

8 June 1875.

2227. That was a matter entirely for the Company to tell us about?—Yes.

2228. So that the amount of gas which we could collect as a probability from the amount of gas produced, was not necessarily anything that could be fixed upon as the amount of gas upon which the revenue would be derived by the payment of so much per thousand?—That would not be the same thing.

2229. I was particularly struck by an answer of yours to Question 1917 yesterday. You said, "Clearly putting it as though every sort of objection against the deficiency, as laid before the Commissioners, every questioning of that deficiency was a sort of questioning of the honesty of the Company. Clearly a state of things like that never could work well, because if questions that are asked in the way of set-offs are to be treated as imputations of dishonesty, it is simply with the barest pertinacity that you can get at a thing of that kind at all, to do the consumers justice." I may refer you to a question as illustrating that that was the sort of thing that went on throughout the inquiry. Do you remember this at Question 1364 of the Blue Book, by an injured innocence who was giving evidence, "You will allow me to say this, with regard to the public, the consumers; it has been more than insinuated, in fact it has been distinctly stated that in spending the capital on this occasion, we have distinctly expended it, as I understand, knowingly and wilfully for the purpose of getting out money at 7 per cent. If words have any meaning, that is what my friend, Mr. Cripps, said yesterday. I can only say that had I or my co-directors spent one shilling of capital for that purpose, I should consider that I had behaved like a rascal. I should simply think to be dishonest." That was the spirit to which you alluded in the inquiry into this matter?—Yes.

2230. When one desired to go into the matter, the injured innocents of the Company said we were accusing them of dishonesty?—Yes.

2231. You were asked by my learned friend, Mr. Serjeant Sargood, if there had been a Revision Committee, how could you have managed so as to separate the insurance fund from the general fund?—Yes.

2232. The Revision Commissioners could not do it because the Act of Parliament would not allow them?—No.

2233. And if you had been acting under the same Act of Parliament you would have done the same thing?—Yes.

2234. In other words, you consider the fault is in the law itself more than in the mode in which it is administered?—Yes, certainly.

2235. So far as the Commissioners are concerned they did their best, under the circumstances?—I am sure they did.

2236. Can you tell me this: assume that the South Metropolitan Company in the past year did divide their 10 per cent. and had a 3 s. price, but they resorted to some extent to their reserve fund?—Yes.

2237. Take the whole together, the reserve fund and all, supposing instead of having a reserve fund they had had a larger price, what would have been the price they must have charged in order to divide 10 per cent.?—I think it is 3 s. 2½ d.

2238. But supposing they had no reserve fund?—

Mr. West.] For what quality of gas?

2239. Mr. Cripps.] The same quality of gas already supplied, namely, 14-candle gas. (To the Witness.) Supposing the South Metropolitan, supplying that gas by Act of Parliament, had not gone to the reserve fund at all, what must have been their price in order to enable them to divide 10 per cent.?—Three shillings and twopence halfpenny.

2240. Now, take the same as to the Imperial Company and the Chartered Company?—The Imperial was 4 s. 6 d. in 1872, and the Chartered 4 s. 7½ d.

2241. That is, putting any money given to them to be carried to the reserve fund out of the question, and putting the reserve fund aside both for the purpose of adding to it or taking from it, the price they must have charged in that year to have divided that dividend, was 4 s. 7½ d. or 4 s. 6½ d.?—Yes.

2242. You were asked a great many questions as to whether you had discovered, after the revision, something which, if you had known at the time, might have been inquired into when the revision took place; but after the revision was over you had nothing more to do with the matter?—No.

2243. Your attention was called to the matter, and you went into the accounts for the purpose of the revision?—Yes.

2244. And

Mr. A. Goss.
8 June 1875.

2244. And you have not gone into the accounts since the revision?—We have had no opportunity of discovering anything if we had a mind to do so.

2245. We had for the purposes of the revision, and before the revision, certain accounts supplied?—Yes.

2246. But since the revision we have not seen them?—No.

2247. The matter has gone altogether?—Yes.

2248. Under those circumstances it is not very likely that you would discover anything since the revision which would throw any light upon it?—It is certainly hardly possible.

2249. I want to call attention for a minute to the capital of the company, which was intact; the balance as then stated at the beginning of the year 1874; that would be on the 31st December 1873?—Yes, it is on page 485 of the book.

2250. With reference to the Imperial Company, the amount of the balance at the end of the year was 307,000 *l.*?—Yes.

2251. How long before that was it that they had called up that sum of 122,000 *l.*?—The 22nd December.

2252. No part of that amount of 122,000 *l.* could really have been expended at the beginning of the following year?—No.

2253. If you just go back to the year 1872; on the 31st December 1872, had they an unexpended capital in hand there of 133,000 *l.*; you will find that on page 625?—In 1872 they had 133,000 *l.*, in 1871 they had 140,000 *l.*, in 1870 they had 177,000 *l.* and in 1869 they had 165,000 *l.*

2254. That includes, of course, all their floating capital?—It is unexpended capital.

2255. Had they, at the same time, a gas rental which had not then been collected, but was due at the time, of 228,000 *l.*?—Yes, I have no doubt that it is so; 248,000 *l.* due.

2256. As to the Imperial?—The Imperial is at page 486.

2257. These figures appear not to be correct; I am speaking of the 31st December 1872?—This is 1873.

2258. I was going back; then I want to go back and see whether that was the amount which was the ordinary surplus kept in hand?—£. 223,423.

2259. And the balance, 133,000 *l.*?—Yes.

2260. Upon which sum of 133,000 *l.*, being capital in hand, of course they claimed a dividend of 10 per cent.?—Certainly.

2261. Did you look through the books to see the average amounts the other companies held in hand as floating balances?—Yes.

2262. I do not know whether you have carried this out or not; have you calculated that amount with reference to this proportion of total capital or not?—The gas rental uncollected.

2263. No, floating capital?—Unexpended capital; it is much smaller in the prior year than it was in 1873, and the Chartered in 1872 was only 118,000 *l.* for gas rental, being 252,000 *l.* uncollected. The Imperial Gas Company, at the date of 1873, was 307,000 *l.*

2264. I wanted that as an illustration of the way in which the sums varied; they varied in one year from 133,000 *l.* to 307,000 *l.* in the next year?—Yes.

2265. Whatever it might be, or whatever their arrangements might be, putting it to the fund they claimed 10 per cent. dividend upon it?—Yes, the capital had been raised.

2266. It is 10 per cent., or 7 per cent., as it might be?—Yes.

2267. They would claim upon the average 8 per cent. upon it?—Yes; 8 *l.* 14 *s.*

2268. At the present time the reserve fund can only be applied to make up the dividend of the immediate year in which there is a deficiency?—It is so.

2269. And in that respect our Bill would make no change at all?—No change at all.

2270. There is no power of paying any back dividend?—None.

2271. *Chairman.*] I will not ask you more than two questions; will you refer to the letter of Mr. Farrer to myself, which you have read?—Yes.

2272. You observe a postscript to that letter, in which Mr. Farrer mentions the suggestion that the mode of dealing with capital that is adopted in the provinces

Mr. A. Gunn.
8 June 1875.

vinces is by allotment of new shares ; that the new shares should be raised not by their allotment to existing shareholders at their normal value, but by offering them to the public by auction, and the postscript says the Metropolitan Board and the City will, no doubt, if called upon, procure for the Committee full details as regards these cases. Of course, it is our duty to carefully consider any suggestion made by the Government ; therefore I ask whether you can give us that information ?—I personally cannot ; but I believe another witness can.

2273. I must ask you to take care that one of the witnesses who does come will be able to answer such questions if I ask them?—Certainly.

2274. You have read the paragraph in the second page, saying that the price and dividend shall vary inversely in certain fixed proportions, without limit, and you heard Mr. Livesey's evidence?—Yes.

2275. We understood Mr. Livesey to concur in this suggestion of the Board of Trade. Am I right in supposing that you do not think it an advisable suggestion?—I simply have spoken in favour of the clauses as now in the Bill. I have no power whatever as an officer of my Board to say what they will be prepared to do.

2276. I understood you in your cross-examination to give an opinion against the principle involved in this suggestion?—Yes, because it would be going beyond the 10 per cent., 10 per cent. being the rate of dividend which is considered by the Metropolitan Board sufficient for a monopoly, so large a monopoly, as this.

2277. You have no further opinion you wish to give in explanation of that?—No.

2278. I asked you yesterday whether you could give the price charged by the companies just outside the Metropolitan Board?—I made the inquiry, and we will get the information for the Committee.

Mr. Thomas William Keates, sworn ; Examined by Mr. O'Hara.

Mr.
T. W. Keates.

2279. You are Consulting Chemist to the Metropolitan Board of Works, are you not?—I am.

2280. You are also, I believe, superintendent of the gas examiners?—Yes.

2281. You have for a considerable time devoted your attention to gas works, have you not?—I have.

2282. For how long?—For 25 or 30 years.

2283. When were you appointed by the Metropolitan Board of Works to your present office?—At the beginning of 1869.

2284. It is your duty, is it not, to superintend the examiners appointed under the Acts of 1868 and 1869, in the discharge of their duties?—Yes, so far as the Metropolitan Board of Works are concerned.

2285. You are no doubt well acquainted with the question of testing the illuminating power of gas?—I am.

2286. Though acting officially under the Act of 1869, you have considerable knowledge of the working of the Act of 1860, have you not?—I have.

2287. As we have heard already, there are several companies still under the Act of 1860?—That is so ; there are, I think, six companies under the Act of 1860.

2288. What have you found to be the result, in your practical experience, of the working of those two Acts?—I think that the Act of 1860 is almost a matter of disuetude. The provisions of the Act have never been put in force so far as concerns the testing of gas.

2289. Has the result of those two Acts, those different codes in different parts of London, been productive of convenience or of inconvenience?—I should say of very great inconvenience and very great inconsistency.

2290. Will you explain that to the Committee?—I was going to refer, as a matter of illustration, to those districts on the south of the Thames coloured green and blue ; those are the districts of the South Metropolitan and the Phoenix Companies. The gas in the green district is supplied at 3s. per thousand ; the company is regulated by the provisions of the Act of 1869, and the gas is officially tested. On the other side in the blue space the company is under

Mr.
T. W. Keates.
8 June 1875.

under the provisions of the Act of 1860; there is really no official examination of the gas made, and the price may be anything up to 4 s. 6 d., the standard in the Act of 1860 being, I may say, 12 candles, and the standard in the Act of 1869, referring to the green space, being 14 candles.

2291. That is in your opinion an unsatisfactory state of things?—I think so. That irregular line which divides the two districts is the only division between them; and persons living on the two sides of a street, it seems to me, may be living in very different conditions.

2292. Will you indicate to the Committee the different districts which are subject to the provisions of the Act of 1860?—The blue space on the extreme right on the map is the district of the Phoenix Company. The Surrey Consumers have the dark space on the south of the Thames, the blue space again on the left and the red space. I have heard as a point of law, that there is some doubt about that company being included, but I am including it.

2293. *Chairman.*] But putting aside that point of law, have you, as an official, the same power over the London Gas Company (or at least you do attempt to use it) as you use over the Chartered Company?—No.

2294. Then practically it is in the same position as the Phoenix Company?—Yes, we have always regarded it as being in the same position. On the north of the Thames there is the pink space belonging to the London Company, the yellow space belonging to the Independent Company, the black space belonging to the Commercial Company, and a small space belonging to the Ratcliff Company.

2295. *Mr. O'Hara.*] These spaces which you have indicated are subject to the provisions of the Act of 1860?—They are.

2296. Will you state what those provisions are?—Those provisions are that the gas shall have a standard of 12 sperm candles, and shall be tested by a 15-holed argand burner, with a seven-inch chimney; and that the gas shall not contain more than 20 grains of sulphur other than sulphuretted hydrogen.

2297. Have you stated the price?—I am afraid that I cannot tell you all the prices, but I can tell you nearly the price.

2298. Then the Acts of 1868 and 1869 affect the remainder of the companies?—Yes.

2299. The standard price under the Act of 1860 is 4 s. 6 d., is it not?—Yes, that is the maximum price.

2300. And it may be raised to 5 s. 6 d. in certain events?—Yes.

Mr. Serjeant Sargood.] In order that we may not be in confusion, you spoke of the Acts of 1868 and 1869; there is a Public Act in 1868, and there is no other Public Act.

2301. *Mr. O'Hara.*] I am quite aware of that. The Act of 1869 is a private Act of the Imperial Company. It is what is called a local Act, and it affects that company. (To the *Witness.*) The Act of 1860, which was a Public Act, prescribed a certain illuminating power for the gas, which was what?—Twelve candles.

2302. The Act of 1868 prescribed another illuminating power, what was that?—That Act related to the Gaslight and Coke Company, and it prescribed a lighting power of 16 candles.

2303. Then the Act of 1869, to which my learned friend the Serjeant refers, the local and personal Act, prescribed a less illuminating power of 14 candles?—There were two Acts of 1869, one applying to the Imperial, and the other to the South Metropolitan, and both those Acts gave a standard of 14 candles.

2304. Would you explain to the Committee the different modes, or rather the different burners by which this illuminating power was tested?—Take now the Act of 1860 and show the Committee the burner that was in use at the time when that Act was passed?—In 1860 the burner which was actually in use was not the burner which is generally spoken of as the 1860 burner. The burner in use at that time was a metal argand burner, having fifteen holes and a seven-inch chimney, and corresponding in that way to the prescription of the Act; and that burner was used so far as I remember up to about 1863 or 1864.

2305. Is that the burner that was prescribed in the Act of Parliament of 1860?

Mr.
T. W. Keates.
—
8 June 1875.

1860?—This is a burner which corresponds with that description. It is a 15-holed argand burner with a 7-inch chimney.

2306. You say that in 1863 another burner was discovered?—About 1863 or 1864, what has been called the steatite burner was invented, which is generally known as the Sugg-Letheby. It embodies the names of Dr. Letheby and Mr. Sugg, the maker. Here is one of those burners (*producing a burner*); this is also a 15-holed argand burner with a 7-inch chimney, but it differs very much indeed from the metal burner.

2307. Will you explain to the Committee what would be the difference of testing gas by the burner of 1860, and by the Sugg-Letheby burner?—There would be a difference rather depending of course upon the character of the metal burner, because the metal burners varied a good deal: from a candle and a half to two candles.

2308. In favour of which burner would that be?—In favour of the 1864 burner.

2309. Then, in fact, 12-candle gas under the 1860 burner would show 14-candle gas under the 1864 burner?—Yes, about that.

2310. Since 1864 there has been a further progress made in these burners, has there not?—Yes.

2311. And there is now a burner which is called Sugg's London argand burner?—Yes, that is so. That burner was invented after the passing of the Act of 1868. In the Act of 1868 the standard of lighting power is fixed at 16-candles.

2312. Was the burner which was used to test 16-candle gas the original old burner of 1860, the iron burner?—The gas that would give 16 candles is tested with the new burner, that is with the most modern of these three burners, I consider would not give much more than 12 candles by the old burner. It would be reduced by two steps if we were to go through the two burners. If we took 14-candle gas by the middle burner, I consider that if it were tested by the modern burner it would be raised to 16 candles, and if it were tested by the earlier burner it would be lower down in the direction of 12 candles, or perhaps not so low as 12.

2313. *Chairman.*] Can you give us, without going into detail, the principle of the invention by which there was that great difference?—I think I can; of course getting the illuminating power out of gas is entirely a question of combustion; the light in ordinary lighting gas is produced, or is supposed to be produced, by the simple ignition of the carbon which the gas contains. The amount of light that can be produced depends entirely upon the way in which that ignition of the carbon is brought about; if the carbon is not sufficiently ignited, that is to say, if it is not made sufficiently white hot, so to speak, it passes off in the state of smoke, and then we get the ceiling blackened, and the usual effects of badly burnt gas. If, on the other hand, the gas is overburned, that is to say, has too much air supplied to it, and the combustion is excessive, then the carbon is brought into a state in which it does not give that bright light which it ought to give. The proper making of a gas burner is to hit just that happy mean, and that appears to have been done, according to my judgment, in the last burner; in the old burner of 1860 the gas was always overburned; in the second burner the defects of the old metal burner were remedied to some extent, but the difference of conditions was not carried sufficiently far, and it is only in this last burner that what I may almost call the perfection of burning gas has been obtained, for I think that this is a very excellent burner which is not likely to be surpassed.

2314. Mr. *Birley.*] Is that burner equally applicable to all the qualities of gas?—I do not think that it would hold its position with a very low quality gas, and it is not suitable to the burning of cannel gas.

2315. Mr. *O'Hara.*] If the same gas were tested by these three burners, there would be a difference between the first and the second of about two candles, and between the second and the third of about two candles, would there not?—Yes.

2316. And between the first and the third of nearly four candles?—Yes.

2317. Though the gas supplied would be exactly the same?—Yes.

2318. In

2318. In 1868, when that Act was passed, it was left to the referees to prescribe the burner by which gas was to be tested, was it not?—Yes, that was so.

2319. At that time the London argand burner was not in existence?—I think not; in fact, I am told distinctly by the inventor that it was not.

2320. Then the discovery of that burner since, has this practical effect, has it not, that it shows 16-candle gas by what was only 14-candle gas within the meaning of the Act?—Yes.

2321. *Chairman.*] Does this new burner which brings out the 16-candle illuminating power, consume the gas in any shorter time than the other?—No; that is a matter which is defined in the mode of testing; the gas is always burnt at the rate of five cubic feet per hour.

2322. *Mr. O'Hara.*] Then, in your opinion, to arrive at a satisfactory result, not only should the illuminating power of the gas to be supplied be prescribed in an Act, but also the very burner by which it was to be tested?—Yes, I think so; I think that the proper course is to have a model of the burner deposited with the Warden of the Standard, so that it can be referred to at any time; disputes have continually arisen with reference to the burners; and with regard to the old burner, no two authorities were ever quite agreed about the character of the burner.

2323. Then, as a matter of fact, you recommend the provisions of this Bill which prescribes the deposit of a burner with the Board of Trade?—I do; I think it a most essential provision; it is Clause 23.

2324. The mere fact of depositing this burner does not in any degree affect the consumer in his own internal domestic arrangements, does it?—Not at all.

2325. He may use any burner he pleases?—Of course he may; it has nothing to do with him.

2326. But so long as the gas is tested through that burner, a constant quality of gas will be supplied to the consumer?—Yes; at all events it will entirely get over any dispute as to the character of the burner, and we shall get over the difficulty which arose under the Act of 1868, in which the burner was prescribed to be a burner which was suitable for use by the ordinary consumer. A good deal of difference of opinion arose upon that question, and that I think will be entirely got over by depositing the burner.

2327. What is the price of that argand burner?—I think it is about 5 s. or 6 s.

2328. What is the price of an ordinary domestic burner?—The ordinary flat-flamed burner only costs a few pence I believe.

2329. My learned friend is very much alarmed lest you should confound the common penny burner with the 5 s. 6 d. burner; I think that I am quite safe in assuming that there is no such confusion in your mind?—The things do not relate to one another at all.

2330. You have made a Table, have you not, showing the illuminating power of the gas supplied under the Act of 1860?—This Table is prepared from returns made to me by the various testing officers under the vestries, in relation to the gas companies that remain under the Act of 1860.

2331. Will you hand it in?—Yes; it is as follows:—

Mr.
T. W. Keates.
8 June 1875.

COMPANIES which, by Section 25 of the Metropolis Gas Act, 1860, are under the obligation of giving Common Gas of an Illuminating Power of 12 Sperm Candles from a 15-holed Argand Burner, as described in the above Act.

Name of Gas Company.	Mean Lighting Power of the Gas.	Description of Burner used for Testing.	Equivalent by London Argand Burner.	Sulph. not Sulph. Hydro.	Sulph. Hydro.	Ammonia.	Meter Rents charged.	Price of Gas per 1,000 Cubic Feet.
PHENIX - - -	Lambeth - - - 14.66	15-holed argand of 1860.	16.66	No test -	None -	None - - -	Yes -	<i>s. d.</i>
	Newington—Vauxhall* - -	- - -	15.59	- -	ditto -			4 6
	„ Blackfriars* - -	- - -	15.22	- -	ditto -			
LONDON - - -	Lambeth - - - 14.28	- ditto - -	16.28	ditto -	ditto -	ditto - - -	ditto -	4 6
	Newington - - - 14.70	- ditto - -	16.70	ditto -	ditto -			
	Chelsea - - - 14.70	- ditto - -	16.70	ditto -	ditto -			
SURREY CONSUMERS	- - - 13.58	- ditto - -	15.58	ditto -	ditto -	Small quantity -	ditto -	4 6
INDEPENDENT - -	For the month of December 1873 - - - 14.19	- ditto - -	16.19	ditto -	ditto -	None - - -	ditto -	3 6
RATCLIFF - - -	- - - 13.50	- ditto - -	15.50	ditto† -	ditto -	ditto - - -	ditto -	3 9
COMMERCIAL - - -	Poplar - - - 14.00	- ditto - -	16.00	ditto -	ditto -	None by qualitative test (1860)	No -	4 -
	Shadwell - - - 14.00	- ditto - -	16.00	ditto† -	ditto -			
	Mile End - - - 14.30	- ditto - -	16.00	ditto -	ditto -			

* The gas in these cases is tested by the new London argand burner.
† A special examination of these gases was made in the second week in January for sulphur.
The Ratcliff Company's gas contained 32.5 grains per 100 cubic feet. The Commercial Company's gas contained 36.0 grains per 100 cubic feet.

2332. Have you a similar Table in relation to the companies under the Acts of 1868, and the local and personal Acts of 1869 ?—I have.
2333. Will you hand that in? — Yes; this Table relates to the average lighting power of the gas through the year ending the 25th of March 1875.

TABLE showing the Monthly Average Lighting Power of the Gas supplied in the Metropolis by the Gaslight and Coke Company, the Imperial Gaslight Company, and the South Metropolitan Gaslight Company; during the Year ending 31st March 1875; the Gas being tested under the provisions of the Gas Acts of 1868 and 1869.

DATE.	GASLIGHT AND COKE COMPANY.		IMPERIAL GAS COMPANY.				SOUTH METROPOLITAN GAS COMPANY.
	Beckton Station.	Notting Hill Station.	Chelsea Station.	Camden Town Station.	Dalston Station.	Bow Station.	
1874 :	<i>Candles.</i>	<i>Candles.</i>	<i>Candles.</i>	<i>Candles.</i>	<i>Candles.</i>	<i>Candles.</i>	<i>Candles.</i>
April - - -	17.36	- - -	16.84	15.37	17.22	- - -	16.70
May - - -	17.51	- - -	16.89	15.67	17.40	- - -	16.60
June - - -	17.31	- - -	16.57	16.41	18.66	- - -	16.30
July - - -	17.71	17.13	16.72	15.36	18.62	- - -	16.37
August - - -	17.85	16.70	17.04	16.40	18.05	- - -	16.59
September -	18.43	16.83	16.90	16.45	17.11	- - -	16.78
October - - -	17.67	16.53	16.72	15.87	17.28	17.68	16.53
November - -	17.43	16.67	16.71	15.53	16.04	18.04	16.58
December - -	17.27	16.68	16.62	15.49	15.34	16.36	16.14
1875 :							
January - - -	17.60	17.10	16.58	15.96	17.21	16.45	16.08
February - -	17.31	16.72	15.92	16.18	16.82	16.27	15.85
March - - -	17.21	16.93	16.02	15.99	16.75	15.95	15.89
Average for the Year }	17.55	16.81	16.62	15.89	17.30	16.79	16.36

2334. Under the 47th Section of the City of London Gas Act, and under similar sections of the Act of 1869, it was prescribed that the testing should be at certain times?—Yes.

2335. Was that in your opinion a good provision?—I do not think that it was.

2336. In your opinion there should be no limit to the time during which gas should be tested?—No, I think not; it ought to be tested at any time under the authority of the Metropolitan Board of Works or the Corporation.

2337. Mr. *Talbot*.] Do you mean at any time during the day or night?—Yes, up to say ten o'clock. It extends now up to ten o'clock.

2338. Mr. *O'Hara*.] Your reason for that is that a considerable amount of gas is burnt during the day in courts and places?—Yes.

2339. And in the City of London, in cellars especially?—That is so.

2340. And you think that is proper, having regard to the provision of this Bill, that the average of the tests is to be taken as the illuminating power of the day?—Yes, I think in that case the average may fairly be taken.

2341. Mr. *Talbot*.] Have you any reason to suppose that the gas which is supplied in the day is of an inferior quality to that which is supplied at night?—I think that it is not quite up to the standard.

2342. Mr. *O'Hara*.] What is the necessity for regulating the pressure at which gas is supplied?—So far as the testing of the ordinary burning of gas goes, an excess of pressure is not at all necessary; the amount of pressure which is put in the Bill is quite sufficient for that, and that a mere copy of a clause in the City Act of 1868. You will find, I think, that it is Clause 84; it is almost at the end of the Act. I should like to say a word about the pressure, if you will allow me. As to the taking of the pressure, I think that the clause as it stands in the Bill ought to be altered slightly.

2343. In what respect?—I think that the pressure should be taken in the testing room; it is impossible to take it at the junction.

2344. You think that it would be more convenient to have the testing for pressure taken in the testing place?—Yes. In the testing places we have already every convenience for that; and the taking of the pressure of the gas at the junction of the service with the main, of course, is impossible; it involves taking up the street.

2345. It would, therefore, in your opinion, be more convenient if the clause were amended, and if that pressure were made to be tested at the testing place?—Yes, I think so. There could be no objection to it, I think.

2346. Mr. *Michael*.] The same pressure?—The same pressure.

2347. Mr. *O'Hara*.] In fact there would be at the testing place a self-registering gauge?—There are pressure gauges there, and being in form it would require no alteration of the apparatus whatever.

2348. As to the impurity, do you think it wise to define the amount of impurity, as in the Act of 1860, or to leave it to the Referees, as in the later Acts?—I should leave it to the Referees, as in the later Acts.

2349. Is there less impurity when the Referees have the power of prescribing, than there is under the Act of 1860?—Very much less. I may say at one time that did not work satisfactorily, but I think the standard of purity (that is referring to sulphur always as impurity) which the present Referees have fixed, is a very fair standard for the present. It is one of those things which will change as science advances, but for the present I think it is a fair standard.

2350. When did the Referees prescribe this standard?—The lowest standard only came into operation on the 25th of March last.

2351. Then, in fact, by not defining in the Bill a hard and fast line the consumer will have the benefit of the discoveries that may be made in the science of gas testing?—They will.

2352. And that, in your opinion, is a desirable provision?—I think it is, and a proper provision.

2353. Under the Act of 1868 the gas is to be tested at certain places, is it not?—Yes.

2354. And those places are to be situated within a certain distance of the works;

Mr.
T. W. Keates.
8 June 1875.

Mr.
T. W. Keates.
8 June 1875.

works; is that so?—Yes; within 1,000 yards, or as near as may be to 1,000 yards.

2355. Mr. *Richards*.] There is nothing of that sort in this Bill?—No, it is in the Act.

2356. Mr. *O'Hara*.] In the Bill the principle enunciated is that the test shall take place in the district where the gas is consumed?—Yes.

2357. Is that, in your opinion, an improvement upon the Act of 1868?—It is.

2358. You think that the gas ought to be tested in the place in which it is burnt?—I do; I think that it ought to be tested in the district which is served.

2359. And that is, in fact, where it is consumed?—Yes.

2360. *Chairman*.] Will you give a reason why you think so?—I may almost say that I have myself found by experiment that the gas which is delivered at a distance from works is not always up to the prescribed standard, and I can hardly explain the reason of that. I do not myself know the reason, but I know that it is a fact, and I think that it is only fair to the consumers that the gas should be tested where it is burnt.

2361. Mr. *Brassey*.] Is the inferiority very considerable?—It is considerable.

2362. Would it amount to one candle?—I have found it amount to more than two candles difference.

2363. At what distance from the works?—Several miles.

2364. *Chairman*.] May that arise from something having come into the main?—No, I think not, and previous experience of my own on that subject seems to show me that ordinary gas does not lose by passing along a main some few miles in length.

2365. Mr. *Birley*.] I thought it gained in purity by distance?—It is a question of lighting power.

2366. *Chairman*.] The fact is that you only know that it is so, but you cannot give us a reason?—I cannot give you the reason.

Cross-examined by Mr. *Richards*.

2367. Do I understand you to say that gas in a long journey deposits none of its illuminating power?—No, I do not say that. I will tell you exactly what my own experience is founded upon. Some years ago I made a good many experiments upon the state of the Bow Common gas after it reached London; it happened at that time that my laboratory in the City was at the very end of their services, and I think we never found the gas to lose more than about three-fourths of a candle.

2368. Did you hear Dr. Letheby say that in about four miles he reckoned that it would lose about a candle and a half?—I never heard him say so, and I should prefer holding to my own experience of the thing.

2369. At the same time Dr. Letheby is a gentleman whose opinion is of some weight, is he not?—Yes, but I never heard him say so.

2370. Are you aware that the “thousand yards, as near as may be,” from the place of manufacture was introduced at the express instigation of the Metropolitan Board of Works in 1868 and 1869?—I do not know that that was so; I think if I remember rightly it is in the old Act; it is in the Act of 1860, but it is put rather vaguely in the Act of 1860, and it is put a little more distinctly in the later Acts.

2371. It was altered from the Act of 1860, and it does not stand in the same words?—No, but the sense of the thing is the same.

2372. In the Act of 1860 it is, “Not more than 1,000 yards”?—The Act of 1860, if I remember rightly, said, “as near as may be.”

2373. I think that it is was “at a distance not exceeding 1,000 yards”?—I do not remember the exact words, but I know that it was intended to be about the same thing.

2374. Are you aware that several, stations in compliance with the Acts of 1868

1868 and 1869 have been already selected, and used by the companies, and approved by the Metropolitan Board of Works?—Yes, I know that.

2375. And that those stations have cost a considerable sum of money?—Yes; and I may go a step further; that generally speaking, and I think in all cases but two, their stations are in the districts in which the gas is being burnt; I am not quite sure about that, but I think I am right.

2376. What are the two which do not comply with that?—I cannot quite tell whether your Bow Station does, but the Beckton Station is one, and the Carlisle Square Station, Chelsea, is the other: I am not sure whether Bow Station is in the district

2377. Bow is outside the district altogether?—That I do not know.

2378. I do not think that district is under the Metropolitan Board of Works?—Yes, we have the pleasure of looking after them.

2379. I did not know that they were under that august body. With regard to the impurity that you spoke of, do I correctly understand you to say that you think it improper that there should be a fixed amount of impurity?—Are you speaking of sulphur?

2380. Yes?—I understand impurity to mean sulphur.

2381. Do I understand you to say that in your judgment the amount of impurity should be entirely left to the referees?—Yes, I think so.

2382. Is not the result of that that the referees by imposing (I do not say that they would do so) extremely stringent terms upon the company may constantly inflict penalties upon them, all of which would have to come out of the dividends?—But I suppose that the referees, as public officers, are understood to be doing thier duty, and if the referees act to the best of their judgment they can always avoid that; they have avoided it up to the present time.

2383. But you think nevertheless that that power should be left in the hands of the referees?—I think that it might fairly be left to them, and I will give you a reason for it. In the Act of 1860 the standard of 20 grains was prescribed, but the provisions of that Act have never been enforced with regard to the sulphur; and nothing was done to the sulphur question until the Acts of 1868 and 1869 were passed. Since then the question has been dealt with, and I think that at present time the standard fixed by the referees is a fair one; that is to say for the present.

2384. You think that in a short time they may turn the screw a little tighter?—I should not use such an expression as that. I think that it is a very improper and unfair expression to use. I think that the referees would examine into the question, and if they found reason to lower the standard they would probably do it.

2385. Are you aware that if the companies are a decimal point above what the referees fix, the penalties are enormous?—I know that, of course; but I know at the same time very well that during the experience of several years now, the thing has not worked in that way at all.

2386. Do you know that over and over and over again companies have been some small amount above the standard fixed by the referees?—Yes, but there is a protection in the Act which relieves the companies; they have a power of appeal to the chief gas examiner, and if he, upon inquiry, finds that the thing arose from accident or from some cause which the companies could not prevent, he can relieve them from the penalty.

2387. You have said, I think, that the Act of 1860, as far as testing and so on is concerned, has absolutely fallen into disuetude?—I think so.

2388. Whose fault is that?—It is the fault of the local authorities; I suppose the vestries.

2389. Just let me read you Clause 27 of the Act of 1860: "Every local authority taking any supply of gas according to this Act, shall provide all proper and sufficient apparatus, machinery, and instruments for testing the illuminating power and purity of the gas, and from time to time shall appoint, and out of any funds applicable by them for their local purposes, may pay a chemical examiner or gas engineer, or other competent person, to be an examiner, for the purposes of this Act; and every gas company shall, within six months after the passing of this Act, cause to be erected in some convenient place, as near as may be to 1,000 yards from their works (such place in case of dispute between the company and the local authority, to be fixed by a police magistrate upon the application of either party, after hearing the parties thereon), an experimental meter

Mr.
T. W. Keates.
8 June 1875.

Mr.
T. W. Keates.
8 June 1875.

furnished with a suitable burner capable of consuming five cubic feet of gas per hour; with other necessary apparatus for testing the illuminating power of the gas." That shows, does it not, that under the Act of 1860 any local authority taking a supply of gas have the power of having that gas tested by a competent person?—Yes, but I believe that it has never been acted upon.

2390. But will you allow me to ask whose fault that was?—The fault of the vestries. I cannot tell you anything about that.

2391. It was no fault of the companies?—No fault of the companies.

2392. The power of the vestry is very clear, is it not?—Yes.

2393. And the mode in which they are to exercise that power is clearly pointed out?—Yes, but it has never been done, or at least not to my knowledge.

2394. May we not assume then that under the Act of 1860, the gas supplied has been pretty well supplied, and that there is no great cause of complaint?—Yes, the table that I have put in shows that that is so.

2395. When we talk, as has been mentioned once or twice, of 12-candle gas, that alludes to the companies still under the Act of 1860?—Yes.

2396. All of them have supplied however, in fact, better than 12-candle gas, have they not?—Yes; tested by the intermediate burner it would be about 14-candle gas.

2397. I understand you to say that the Sugg-Letheby burner of 1864, is two candles better than the old burner?—Thereabouts. I do not think that it is quite as much.

2398. Let me read to you the words of Mr. Sugg himself, the inventor of the burner: Mr. O'Malley, I believe it is, asked him in 1867, "As you are a manufacturer I would rather have it now when you are not prepared; and I ask you what is the difference between the ordinary burner which was in general use in 1860, and your improved burner?—A. No difference at all. Q. Is there no improvement in your burner by the fact of its being a steatite one?—A. I put into an old 15-holed burner a steatite top, and therefore there can be no difference. It is the same 15-holed burner; the only difference is that there is a steatite top instead of an iron one, but the results in illuminating power are identical." Those are his answers, 3893 and 3894, of the 5th of June 1867?—If you would allow me to read an extract from a report of Dr Letheby's on the same thing, you will find he says that there is a difference of 11 per cent. between the two; and besides that no man would take these two things in his hands, and not see that there was a difference.

2399. What I have just read to you is Mr. Sugg's statement?—I have nothing to say, of course, to Mr. Sugg's statement.

2400. Do I understand then, that you propose in the case of two companies who established 14-candle gas in 1869, to convert their illuminating power into 16-candle gas?—I do not think that there would be much conversion in it.

2401. According to your statement, as I understand you, they are now able, as you say, to show 12-candle gas as 14-candle gas?—What I say is this: that by the provisions of this intended Act, these two companies would be put under a standard of 16 candles instead of 14, that is so far as the law is concerned. But I should like if you will allow me to go a little further than that: In the year ending 31st March 1875, the Imperial Gas Company gave an average for the year at the Chelsea station of 16·62; at the Camden Town station of 15·89; at the Dalston station of 17·30; and at the Bow station, for the half year, of 16·79. Therefore you have very far exceeded the 16-candle standard.

2402. Therefore that shows that under the 14-candle limit, working under the threat of penalties, they have given an excess of what they were compelled to give?—As a matter of fact I find these averages that I have read.

2403. And therefore because they have done well at 14 you propose to raise them to 16, under penalties?—I do not follow any such course of reasoning at all. I have always thought that 16-candle gas is the proper standard, particularly when tested by the new burner. It is only sufficiently high to be useful for common purposes, and it is not too high to press very much upon the gas companies. If you go beyond that standard then you come into the question of using large quantities of cannel coal to raise the lighting power of the gas, and that I think ought to be avoided; and I consider 16 candles a very fair standard for that reason.

2404. In

2404. In 1868 the Chartered Company took a price of 3 s. 9 d. with 16-candle gas, did they not?—Yes.

2405. And a 10 per cent. dividend?—You must not ask me questions about dividends or price; I know nothing about it. I know it as a fact, but I have no evidence to offer upon it.

2406. In 1869 were not the Imperial Company confined to 7 per cent. upon the express understanding —?—I know nothing at all about these money questions.

2407. You know that the Imperial and the South Metropolitan Companies were confined to 14-candle gas?—Yes.

2408. You know that the Imperial price was 3 s. 9 d.?—I do.

2409. And that it was limited to 7 per cent. upon its capital?—Yes, I do know that in a way, but I have nothing to say about it.

2410. With regard to the South Metropolitan, they were limited to 14 candles, were they not?—Yes.

2411. And 3 s. 6 d. price?—Yes.

2412. And under consideration of that they were allowed to take 10 per cent.?—It is of no use your asking me questions about it. I know nothing in the world about it. If you ask me questions about the candles and burners, I will answer you to the best of my ability, but upon the questions of dividends and so forth, I must decline to answer your questions.

2413. You do yourself an injustice, I think?—No, I only know these things just as any outsider would know them.

2414. Are you aware that almost all the Imperial gas-testing places would have to be removed under this present Act, and if it cost them double the inconvenience probably they would be removed?—I am hardly prepared to answer that question without studying the thing a little more, but I hardly think that that is so.

2415. At all events, if the “thousand yards” were to be struck out there is no limit whatever of position?—As a matter of opinion, I think it would be quite sufficient if the testing place were put within the district where the gas was to be burnt.

2416. *Chairman (to the Witness).]* In the Bill I see that the 7th clause prescribes 16 candles?—It does.

2417. I suppose I am right in gathering from what you have said that you do not think that there is any reason for attempting to obtain a greater illuminating power than 16 candles?—I do not; I think that 16 candles would be a fair standard test by the last burner.

2418. There are, I suppose, consumers who would desire more?—I think it is possible, but I am not prepared to say.

2419. Practically, have you much complaint?—I think not; I think that 16 candles is a good and fair standard for ordinary gas.

2420. Do you know what is the illuminating power in the large provincial towns?—I know some of them. Broadly, in the north where they approach the cannel coal districts, you will find that cannel coal is used very much; for instance, in Edinburgh, and Manchester, and large places.

2421. I doubt about Manchester, but in Aberdeen I am informed that the gas that is sold there by the Corporation has an average illuminating power of 30 candles; are you aware of that?—That would be cannel coal gas.

2422. Is it really the fact that it has an illuminating power of 30 candles?—Yes, that is so; the gas obtained from cannel coal is very much richer than that obtained from ordinary coal.

2423. *Mr. Birley.]* Is not that a great advantage?—I think not.

2424. *Chairman.]* Why not?—I think that for the ordinary consumers it is of no advantage whatever to have gas of that high character; in the first place it requires very careful burning, and unless it is burnt in burners of a particular description the gas is incompletely burnt, and it gives rise to smoke and blackens the ceiling and soils the furniture of the houses. Formerly cannel coal gas was made to some extent in London by three of the companies, but I think, now-a-days, it is entirely disused excepting in one case; it is now made by a company which has been amalgamated with the Gaslight and Coke Company, viz., the

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Equitable;

Mr.
T. W. Keates.
8 June 1875.

Mr.
T. W. Keates.
8 June 1875.

Equitable ; it is made at the Equitable Station, and it has been abandoned in every other case. I think it is supplied to this House, but I am not quite sure ; I almost think that if it were not so it would be given up entirely. It used to be supplied to some other large establishments, such as the Post Office and some other places, but I think it is given up now.

2425. In your Bill you fix the burner but you do not fix the standard of purity ; is not that so ?—The amount of this sulphur compound which we are dealing with as impurity in this case, is a changing thing. The standard might be applicable to-day, but by some discovery it may be possible to-morrow to lower it, and, therefore, I would leave it to the referees.

2426. I understood your answer to mean this : that you thought it was best to leave it to the referees to decide how far future discoveries might enable a higher standard of purity to be obtained ; but that discovery has reached its end, as it were, as regards the burner ?—I would hardly say that, but I think, at all events, that it has gone very far, and I do not think it likely that the burner will be improved at present. At all events this is a very excellent burner, and it would be better, I think in the course of a few years, in the event of a better burner being discovered, to come to Parliament for the alteration of the burner.

2427. You think that it would be better to leave it absolutely fixed by this Act, and not to be changed except by a fresh Act of Parliament, rather than to insert in the clause a power of having it changed if it were found necessary ?—It is difficult to say in what hands you would place that power ; it might of course be placed in the hands of one of the Government departments ; but it seems to me that it is not a thing which is likely to change, and I think that it would be better to leave it to a fresh Act of Parliament when the time comes. I propose that three of these burners should be made ; that one of them should be deposited with the Metropolitan Board of Works, one with the Corporation, and the other certified by one of the Secretaries of State, or by the President of the Board of Trade, with the Warden of the Standards ; then there can be never any dispute ; I may remark that very great objection to this burner was made upon the ground that it was not suitable for use by the public ; as the Bill stands, that difficulty is done away with.

2428. I observe by this map, that in one or two cases the mains of one company are carried across those of another company ?—That is so.

2429. Is there much probability of leakage ?—Not a great probability, I should think ; that is rather an engineering question, but I should think that in mains so well laid as these are likely to be, free from numerous junctions, the leakage is not likely to be great.

2430. Mr. *Richards* (through the *Committee*).] Is there not at the present moment a burner in existence called Silver's burner, which is alleged to be better even than Sugg's burner ?—There is a burner in existence called Silver's burner, but I do not think that Mr. Sugg would admit that it is better.

2431. But is it not alleged by many people (of course not by Mr. Sugg) to be better than Sugg's burner ?—Alleged by whom ?

2432. By many people who use it ?—If you ask me, for instance, I should not allege it ; I do not think that it is better.

2433. *Chairman*.] Still there is a burner which professes to be better ?—Yes ; it is a burner constructed very much indeed on the same principle.

2434. Mr. *Bristowe*.] I have not quite understood at present why you should suggest that there should be a Parliamentary test, as it were, set out in this Act of Parliament as to the burner. For instance, we will suppose that the engineer of one of the companies should invent a burner which experience should show to be an improvement upon the one set forth in the Act of Parliament ; why should the companies be prevented from using that if, as might be the case, the referees themselves should be of opinion that that was an improvement ?—In the first place, I think that must come entirely from some authority ; a mere invention of a thing of that kind by a gas engineer would not entitle it to be used as a standard.

2435. Clearly not, but I cannot understand the reason why, under this Bill, you should propose that the burner should be fixed, and that the test of purity should

should be left to the discretion of the referees?—The question of purity is a question which may always be changing from day to day. For instance, up to last March the standard was 25 grains for a certain set of companies, and 20 grains for another set; now the standard is 20 and 15, and it is possible that even next year we may have a lower standard than that. It will all depend entirely upon certain investigations which are always going on; but with the burner it does not appear to me that it is so. This burner is an extremely good burner as a test burner; and though of course the companies are entitled to obtain the greatest advantage they can, I think that must be taken with certain limits. Supposing that if it were possible to contrive in the laboratory an apparatus by which the burning of gas would be more complete by bringing in heated air, or in some other way, and that that system was necessarily confined to the laboratory; I do not think the gas companies would be entitled to have their gas measured by such a system as that. I think the burner used for testing the gas should have a fair relation to the ordinary common use. The only objection to this burner for common use, is that it is very delicate in its arrangement; the quantity of air thrown into the flame is exceedingly well regulated, and therefore the slightest movement in the air almost will disturb the burning of the flame. That is why it is not suitable for ordinary use in a wide sense, but still it is a most excellent test burner, and it answers all the purposes of a test burner.

Mr.
T. W. Keate.
8 June 1875.

2436. Mr. Birley.] I was going to ask why it would not be better that a standard burner should be a burner absolutely suitable for ordinary use?—Then you get away altogether from the principle that the companies are entitled to have their gas made the most of, because if you use one of these burners which are more clumsy in their construction and in the adaptation of their parts, of course, though it can be used ordinarily, it does not develop the lighting power of the gas.

2437. Chairman.] The chief object of this clause, I suppose, is not to prescribe a certain burner for use, but to fix a certain test burner, which shall apply to all the gas in the metropolis, so that it should be known that it comes up to a certain excellence?—That is my view exactly; and it seems to me that this burner at present exactly fulfils the conditions of such a burner. It is an extremely good photometrical burner. It is a mere question of establishing standard for the time being; perhaps a few years hence it may be found desirable to change it, but I think that is not likely to come about very soon.

2438. Mr. Brassey.] Do the consumers, for their ordinary domestic use, employ the most advantageous kind of burner?—They do not, indeed; on the contrary, they employ very often extremely disadvantageous burners, and lose a very large proportion of the lighting power of the gas in consequence.

2439. Mr. Serjeant Sargood.] That is their own fault?—It is their own fault, of course.

2440. Mr. Brassey.] I presume that the best kind of burner for ordinary use is a very small question, is it not. Is the public deterred from using the best burner by the price?—I should think that that is the case in some degree. The ordinary burner is a very cheap thing indeed.

2441. Chairman.] I am not suggesting for a moment that I suppose that the companies are so influenced, but looking simply to the fact that it is their interest to get the greatest possible consumption, it would be rather their interest that there should be a bad burner than a good one, would it not?—I should say personally that the companies are not influenced by any such consideration, but such would be the tendency, no doubt.

2442. Mr. Birley.] What sort of burners do the Metropolitan Board of Works use for their gas lamps?—Those are all flat-flamed burners.

2443. Are they cheap common burners?—They are cheap common burners; they are not the best character of burners.

2444. Chairman.] Why is that the case?—It would be impossible to use a burner of this kind in the common street lamp; the flame would be blown about

Mr.
T. W. Keates.
8 June 1875.

and flickering, and the light would be destroyed. The only burner fit for that purpose is what is called a fish-tail burner; that is a burner which is rough in its parts, so to speak, where the adjustment of air to the flame is not a matter of very great nicety.

2445. How is it in a poor man's dwelling-house?—As a rule, I should think that the poor are not consumers of gas. I think that lamps of various kinds are chiefly used in those houses; they burn paraffin lamps almost entirely. In the north it is the practice to put the gas-fittings into the houses, but it is not so here.

2446. Mr. *Brassey*.] Since 1860, has there been much or any improvement in the process of manufacturing gas, as there has in the increase of its illuminating power?—No, I think not. I do not think the practice of gas-making has varied very much. It has varied, of course, in some respects, and it is a question of machinery and appliances, I think, more than anything else; but the broad principle of gas-making has been very little changed for many years past.

2447. Has anything been done in the reduction of the cost of manufacture?—That is a question upon which I do not think I could give you any useful information. With regard to the purification of gas, a good deal has been done and still is being done.

2448. Mr. *Bristowe*.] If there has been so much progressive improvement in the purification of gas, I do not exactly understand why there should not be progressive improvement in the mechanical manufacture of the burner?—I dare say there will be, but I do not think that at present we can look for any great improvement that would influence the determination to deposit this burner as a standard.

2449. Mr. *Richards*.] You did not look for any improvement in 1860?—Things have gone on since then.

2450. Mr. *Talbot*.] Have you any means of informing us whether the gas supplied by the Chartered Gas Company is of better illuminating power than the gas supplied by the other companies?—It is of a higher standard.

2451. But does it give more satisfaction to the consumer?—I cannot tell you from any knowledge that I possess in relation to the consumer; but it is of a higher standard, and they maintain their standard, and therefore certainly it ought to give more satisfaction.

2452. In regard to public burners, is the gas supplied by the Chartered Company in the public streets better than the gas supplied by the other companies?—The real difference between the gas supplied by the Chartered Company and the gas supplied by the others is not great. The main lighting power of the Gaslight and Coke Company's gas, from the Beckton station, for the year ending March 1875, was 17·55 candles. From their other station at Notting Hill it was 16·81 candles.

2453. *Chairman*.] What was the Imperial Company's lighting power?—There are four stations: from the Chelsea station it was 16·62 candles; from the Camdeu Town station it was 15·89 candles; from the Dalston station it was 17·30 candles; and from the Bow station it was 16·79 candles. The South Metropolitan gas was 16·36 candles at the same time.

2454. The Camden Town supply of the Imperial Company would border, would it not, upon the Chartered Company's supply from Beckton?—I think not.

2455. Could any common observer see a difference in the gas in the shops or in the streets, going from the Chartered Company's district into the Imperial Company's district?—I do not know that he would. There is a variation of about one candle.

2456. Mr. *Talbot*.] Between 17 candles and 15 candles, would there be a perceptible difference in the illuminating power?—Not in the street, I think, but in a room you would find it out.

2457. Mr. *Bristowe*.] The variation in the London Company's lighting power is still greater, being from 12 to 16 candles?—The Parliamentary standard of the

the London Company is 12 candles, but they give more than that. In this table brought to the standard of the new burner from three stations it comes to 16·28, 16·7, and 16·7.

Mr.
T. W. Keates.
8 June 1875.

2458. Mr. *Talbot*.] Have you any knowledge of the gas supply of provincial towns?—Not much.

2459. I have heard it stated that the gas supply in London is inferior to the supply in many other places; are you aware whether that is so or not?—I think that is not so. If you refer to towns where they are burning cannel gas, there will be a great deal of difference in the quality; but if you mean towns where they burn common gas, I believe the London gas is better than the gas of almost any provincial town.

Mr. Serjeant *Sargood*.] You have asked two or three witnesses, Sir, if they could assist you with an idea of the price and illuminating power of provincial companies. If you care to make a note of it you will find in the 1867 Blue Book of Mr. Cardwell's inquiry, on pages 5 and 6, a list of 18 companies with all that information.

2460. *Chairman* (to the *Witness*).] Do you imagine that that table which Mr. Serjeant Sargood refers to would be a guide as to the present facts in the provincial towns?—This table is a perfectly useless thing, because we do not know what the burners are that have been used to produce this 14-candle gas, and therefore I cannot possibly tell anything about it; but according to this it would appear that the gas is not better than the London gas, with the exception of the cannel gas, which of course belongs to a higher standard altogether.

Mr. *Charles Heisch*, sworn; Examined by Mr. *Philbrick*.

2461. ARE you Professor of Chemistry in the Medical College of the Middlesex Hospital?—Yes.

Mr. *C. Heisch*.

2462. And you are I believe Superintending Gas Examiner to the Corporation of the City of London?—Yes.

2463. You discharge, therefore, the same duties within the City area as Mr. Keates does outside in the Metropolitan Board of Works area?—Yes, very much so.

2464. For many years has the subject of the supply of coal gas attracted your attention both scientifically, and also on account of your position as Gas Examiner?—It has.

2465. Have you watched the course of gas legislation, so far as it has affected the particular duties which you have had to discharge?—I have.

2466. As to the burners, do you concur in the opinion which Mr. Keates has given that the burner of 1864, the metal burner, showed an improvement in the quality of the same gas as consumed by the burner under the Act of 1860?—The burner of the Act of 1860 was so ill defined that it might be anything; but on the average of the burners used, the burner of 1864 certainly did show an improvement of nearly two candles.

2467. Do you agree with Mr. Keates that the burner of 1864, or the burner invented since the Act of 1868 by Mr. Sugg, shows a progressive increase over the burner of 1864?—Certainly.

2468. Comparing it with the average of the burner of 1860, what would the same gas, which in 1860 with the average burner then in use would have shown 12 candles, show by the burner now?—About 16 candles.

2469. So that speaking without regard to fractional points, one may say that the 12-candle gas of 1860 is the 16-candle gas of the present day?—Just so.

2470. As to general standard of illuminating power, what do you say as to fixing 16 candles, measured as at present, for the metropolis?—I think it would be fair.

2471. Would your judgment and experience go in favour of having a fixed standard by which to measure the supply, or a standard which might vary from time

Mr. C. Heisch.

8 June 1875.

time to time at the discretion of a body of referees or examiners?—I think the fixed standard far preferable.

2472. Of course if the standard be fixed, whether or not an improved burner that gets more out of the gas is invented, it does not prevent that being used?—Certainly not.

2473. It merely determines that what is to be supplied is to be measured in a particular way?—That it shall be in fact of a uniform quality of gas independently of the burner.

2474. Therefore it does not really matter what burner you take for your standards so long as the standard is uniform?—Quite so.

2475. Does it at all follow in your judgment that, practically speaking, the burner, to be the test burner, should be one which is in common use by the public or adapted for their use?—I think not so long as you get a uniform gas.

2476. And yet they are good enough for the public?—Yes.

2477. Supposing that any scheme of legislation fixes a price, having regard to illuminating power, would it in your judgment be right that as discoveries or improvements are effected the condition should be altered without alteration of price?—Improvements effected in what?

2478. Improvements in showing illuminating power in the particular article?—In the burner?

2479. Yes?—I think not.

2480. What has been the effect of that with regard to what has actually happened?—That there has been comparatively no improvement in the gas.

2481. Would the gas which would in the present day conform to the standard of 16 candles be as good as the gas which conformed to that standard in 1868?—I do not quite understand your question.

2482. Under the burner of 1868, take gas which would produce 16 candles as mentioned under the Act of 1868, and now take gas which will produce 16 candles under the test burner at present in vogue, which is the better gas?—You speak of 1868, but there was no burner prescribed in 1868; that was left to the referees.

2483. Take it by the best burner that was then in use?—Taking the one that had been in use since 1864, supposing the gas in 1864 to show 16 candles and the gas now to show 16 candles, the gas now would be considerably worse than it was in 1864.

2484. And again going back to 1860, it would be still worse than that?—Yes.

2485. Mr. Serjeant Sargood.] You mean in illuminating power?—Yes. Of course I am not talking of purity.

2486. Mr. Philbrick.] Supposing that you were to supply gas which by the present burner, Sugg's London burner, gives 16 candle-gas, what illuminating power would that gas give by the old argand burner of 1860?—About 12 candles.

2487. What do you say as to the testing places; would you have them within the limits of supply?—I think they ought to be amongst the consumers in the district where the gas is consumed.

2488. Do you find that that is actually the fact in the City?—No, they are seven miles off.

2489. And you desire to have them in the City?—I would desire to have them in the City.

2490. So that the gas which you burn in the City is tested some miles off?—It is now.

2491. Do you think that that would work any unfairness to the gas companies?—I think not practically.

2492. As to the times of testing, what do you say?—I think they ought to be left to the Gas Examiners; to the local authorities.

2493. Mr. Birley.] Within reasonable hours, I suppose?—Within reasonable hours.

2494. Mr. Philbrick.] What is the inconvenience or danger which you think that

Mr. C. Heisch.

8 June 1875.

that would guard against?—The practical reason that I have for wishing that is, that we find that the gas at other than the hours of testing is not the same as it is at the hours of testing; and the hours of testing are not those at which the greatest amount of gas is consumed in the City.

2495. The present hours of testing are prescribed by the Referees, are they not?—They are prescribed in the Act.

2496. At what times do you test?—In the winter between the hours of 5 and 10 in the evening, and in the summer between the hours of 8 and 11.

2497. In the supply of gas is it possible to alter the illuminating power by the manufacturer in a very short time, or in comparatively a short time?—Judging from what is supplied to us at the testing stations I should say that it was.

2498. Within what time?—I have seen as great a change as three candles in less than half an hour in the testing station at Beckton.

2499. *Chairman.*] Are you acquainted with the manufacture of gas?—I am partially acquainted with it. I do not say practically.

2500. Can you tell the Committee in what way there could be that quick change?—No, I can only tell you what I have observed.

2501. *Mr. Philbrick.*] As a matter of fact the result as tested by you has been to show that there has been that change in the illuminating power within so small a space of time as half an hour, or thereabouts?—Yes, I have tested the gas myself at half-past four o'clock, and found it less than 14 candles, and at a few minutes past five it has been between 16 and 17 candles.

Cross-examined by Mr. Richards.

2502. Has that been in the City?—No, that has been when I have been testing at Beckton.

2503. At the works?—At the testing station, 1,000 yards from the works.

2504. When you talk about 16 candles, you do not mean to represent, do you, that Newcastle coal will give 16-candle gas?—No, that I am not speaking of.

2505. If it does it must be by the admixture of cannel, must it not?—Yes.

2506. And cannel coal is a very expensive article, is it not?—Certainly.

2507. And it is also in the hands of a limited number of people?—Yes.

2508. *Chairman.*] Am I to understand that you mean that 16-candle gas cannot be obtained without cannel?—I have given no opinion about that.

2509. You are not so fully acquainted with the manufacture of gas as to be able to tell me about that, are you?—I am not.

Cross-examined by Mr. Serjeant Sargood.

2510. I suppose you know enough of the gas manipulation by the companies to be aware that they themselves are repeatedly testing the illuminating power of their gas in order that they may not drop into difficulties?—Certainly.

2511. This experience of yours is very astonishing to me, from all that I have heard, that between half-past 4 o'clock and 5 o'clock, or a few minutes afterwards, you found two candles difference in the illuminating power. Let me ask you whether that is merely an exceptional incident that you quote to show the possibility of changing, or whether you mean to suggest that you have frequently found it?—I have seen it many times.

2512. What do you call many times; I am not hypercritical, but I want to know whether it is serious?—I should say that you might find it certainly once or twice a week.

2513. Once or twice a week over a continuous number of months?—Yes.

2514. Then you must have seen it a great many times; how many days a week do you test?—I do not myself carry on testings every day at all.

2515. Then forgive me if I ask you on whose authority you say that the test-

Mr. C. Heisch.

8 June 1875.

ing of the illuminating power has proved this rapid change in a short number of minutes?—I state that on my own authority, on the occasions when I go down to Beckton.

2516. How often have you discovered that enormous change?—I could not say how often, but very frequently.

2517. Have I misunderstood you if I understood you to say that you have discovered it yourself once or twice a week for a continuous number of weeks?—I say that I have myself seen it very often, and I should think from the tests which have been made by our official tester, as well as by myself, that that may be about the number of times that it would occur.

2518. How often do you go to Beckton?—It is quite uncertain; sometimes once a week, sometimes twice a week, and sometimes not so often.

2519. What is the object with which you personally go there?—To examine the state of the apparatus, to see that it is all in proper order, and to see that the official tester is doing his duty.

2520. That gives you an opportunity of testing, or seeing the testing at the moment?—Yes.

2521. And it is on those occasions that you have made these discoveries?—Yes.

2522. I suppose it occurred to you that this was a very dangerous power for the company to possess, as against the consumer?—It certainly is.

2523. Did that occur to your intelligence when you discovered it?—Yes, certainly, that it was objectionable.

2524. Did you make any special report to those who employed you of the dangerous position in which they stood when you ascertained this?—Certainly.

2525. When was that report made?—It has been made several times to the Gas Committee of the Corporation.

2526. Have you made a written report to the Gas Committee that you have discovered the quality of the gas to be changed to the amount of two candles within 30 or 40 minutes?—Yes, I have reported that repeatedly, verbally, and I think on one or two occasions in writing, but I am not quite certain about the written reports.

2527. As written things are the most valuable, can you tell me when you made such a report?—I could not refer you to a written report.

2528. I am not attempting at all to throw a doubt upon your evidence; I am sure you would not misrepresent anything, but as we are ourselves testing continuously, in order to avoid penalties, and as we never had this experience ourselves, I want to see what steps you took when you thought you had discovered this change in the illuminating power; did you say anything to the company when you were at Beckton, and challenge them to explain what it meant?—Penalties do not begin until the regular testing hours, and I am speaking of times before the regular hours of testing.

2529. And you were endeavouring to infer from that, that that which could be done out of testing hours, and which you discovered being done without any ostensible motive, could be done within the testing hours when there was an ostensible motive, if I follow your train of thought?—No, my train of thought was this; that we ought to have the testing hours extended, and to test at times not fixed, because out of the testing hours we find things different from what they are in the testing hours.

2530. And finding that out of testing hours, when there was no motion to make the change, it was so suddenly made, it occurred to your mind that they might make the change in the testing hours, and that it was dangerous?—I do not see the danger of its being done in the testing hours, except to the company, because their gas might go down.

2531. Did you make any step at all by pointing this out to the companies, and saying, "What does it mean? I am the proper examiner in the protection of the public interest, and I challenge you to explain to me at once the meaning of what I have discovered"?—So long as the companies supply during the testing hours the gas which they undertake to supply during the testing hours, I make no communication to them.

2532. I am glad to have relieved the company from the shadow of imputation, which however you appear not to have intended to cast upon them. You do not mean to suggest that any unfair advantage of such a power has ever been taken?

taken?—All I mean to say is, that during the testing hours we get gas which is quite up to the mark, and out of the testing hours I have often found it not so.

Mr. C. Heisch.

8 June 1875.

2533. *Chairman.*] Does the Act of Parliament prescribe that the gas shall be of a certain illuminating power during the whole time of supply, or only that it shall be of a certain illuminating power during the testing hours?—Only that there should be a certain illuminating power, taken upon the average of not less than three tests upon an hour's interval within the testing hours.

2534. But does the Act of Parliament prescribe that there shall be a certain illuminating power during the whole time that the gas is supplied?—No, it does not.

2535. Mr. Serjeant *Sargood.*] It requires a certain illuminating power between certain hours at certain periods of the year as prescribed by the 47th section?—Quite so.

2536. And there you have found that the companies have been always up to their mark?—Yes.

2537. At what period of the day have you discovered this great change that you speak of?—I think I can refer you to a definite day.

2538. I wish you would, because as we have a record of testings as well as yourself, I do not want an imputation to go without the chance of clearing it up, because there may have been a reason for it?—On the 6th of April at twenty minutes past four the illuminating power was 15 candles, and afterwards at the official testing it was 17·7.

2539. *Chairman.*] At what time was that?—That would be the average of the three tests taken during the course of the evening afterwards; that is one of the days when it was further from the testing time than I was speaking of; I will take the 4th of March; at ten minutes past four on the 4th of March, the illuminating power was 15·2; three testings were taken at half-past five, half-past six, and half-past seven, and the average of those was 17·2.

2540. Mr. Serjeant *Sargood.*] Then it seems to me to be perfectly rational and within the prescription of this section, that in the early part of the afternoon when the consumption would not be so generally great, the test seemed to show a lesser illuminating power, but that when people began to use it within those limited hours, the gas was up to the illuminating power that was required?—I do not know anything about when the people began to use it; the time at which people use gas depends so much upon the district; in the City there is quite as much, and perhaps more gas used in the day than there is in the evening.

2541. More before four o'clock than after it?—Not in the winter time.

2542. And certainly not in the summer?—In the summer I think a great deal more is used in the City before testing hours than during them; the testing hours do not begin until eight o'clock.

2543. I see that those hours are regulated from April to September, and October to March, to meet a winter and summer idea?—Yes, but that does not meet our consumption in the City.

2544. What inference do you draw from that, or what do you wish to say to the Committee about it?—The only inference that I wish to draw is that I should prefer being allowed to test at other times.

2545. Do you think that it would be better for the consumers that you should have the chance of testing it at one o'clock in the day as one of your three testing times, than that you should defer it until 4 o'clock in the afternoon.

2546. *Chairman.*] Do you read Section 53 in the Act (which is not the section with respect to the testing, but which prescribes the illuminating power), as saying that the illuminating power shall be of 16 candles merely between the hours of five and ten, or as saying that that shall be the illuminating power of the whole supply of gas during the 24 hours?—I read that to be during those hours, because it says "shall subject to the provisions of this Act," which are that the test shall be taken at those hours.

2547. Mr. *Brassey.*] Do you connect the difference in the illuminating power with any difference in the amount of pressure?—No, because we always
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Mr. C. Heisch.
8 June 1875.

burn under the same pressure. We have governors in the testing house which keep our pressure there uniform.

2548. Mr. Serjeant *Sargood*.] How many minutes would you be occupied at the testing place on occasions such as you have described, when you have made what I will call your unofficial tests?—I generally stay there two or three hours.

2549. Could you tell me at what time of the day you made the tests?—That last one of which I spoke was made at ten minutes past four.

2550. Was that towards the latter end of your visit, or at the very starting off?—At the very starting off.

2551. It was one of your first experiments?—Yes.

2552. Mr. *Bristowe*.] You said some time ago that there was a sudden change of either two or three candles; was that sudden change during the testing hours, or antecedently to the testing hours?—The change has taken place sometimes quite antecedently to the testing hours, and sometimes even after the first official test has been taken, because by taking an average of the three tests there may be a margin.

2553. You have stated that within half an hour there has been that sudden change; has that occurred before testing hours or during testing hours?—Generally before.

2554. Mr. *Talbot*.] Did you not state that the change occurred on one occasion between two tests, the first of which was made before the testing hours, and the second of which was made half an hour afterwards, after the testing hours had begun?—The half-hour had commenced before the testing hours had begun, and ended after they had begun.

2555. Mr. *Birley*.] Are you able to tell the Committee the cause of that change; has it something to do with the firing of the retorts or with the purifiers?—I would venture to express an opinion as to that.

2556. Mr. Serjeant *Sargood*.] You say that you made this unofficial test immediately upon your arrival at the works?—Not immediately. I said that it was the first test I made after my arrival.

2557. How long after your arrival?—Perhaps half an hour.

2558. You light your burner of course, and you set to work to make your test?—Certainly not. I light the burner, and let the gas burn for a considerable time.

2559. How long do you let it burn?—I should think never less than half an hour, and I should mention that the gas is kept burning always in the testing station; it is never put out.

2560. It is a continual consumption of gas?—It is a continual consumption of gas, and that is done for the purpose of preventing anything like dead gas resting in the service.

2561. Mr. *Talbot*.] Does that go on day and night?—Yes, it goes on day and night.

2562. Mr. Serjeant *Sargood*.] You do not burn it by meter, I suppose?—No.

2563. Some of our unaccounted for gas seems to be turning up at last?—I think the testing places have been charged with the unaccounted for gas before.

2564. Then this being an unofficial testing, although suggestive of some important ideas, you did not say anything to the company about it, or ask to be informed, though you were not gasman enough yourself to understand how it was done?—I did not.

2565. Have you not at all worried your brain to try and find out the secret of this change, a change which you were very much interested in as a gas examiner, you know?—That I may have done, but I am not going into speculations as to how it might be done.

2566. But if you have worried your mind about it, will you give me any suggestion for the benefit of the Committee to the detriment of the companies if you will?—I do not want any detriment to the companies.

2567. But

Mr. C. Heisch.

8 June 1875.

2567. But if there is anything to be said to the detriment to the companies, fairly and openly let us have it out, and let us be heard in answer to it. What suggestion, if any, have you to make to the Committee in reference to this discovery?—As I have already stated I have no suggestion to make as to how it is done.

2568. But as to how it might be prevented, have you any suggestion to make?—I think it might be prevented if the tests were allowed to be taken at all times.

2569. Supposing that the three tests were to be made morning, noon, and afternoon, I do not exactly see how that would prevent this thing happening, which could be done according to your account in 35 minutes?—I never proposed that the tests should be taken at any fixed hours.

2570. Mr. *Brassey*.] Did you propose that there should be any limit of numbers?—Certainly not.

2571. Mr. Serjeant *Sargood*.] Then you would put the company under the same test at 11 o'clock in the morning, when scarcely anyone was using the gas, as you would at 7 or 8 o'clock in the evening, when the whole world are burning it full?—I think that to us in the City it is quite as important to have good gas at that hour as it is at night.

2572. And at 3 o'clock in the morning you would apply the same test if you wanted it?—I do not think that any of us would go up and test it at 3 o'clock in the morning.

2573. Do you know what the illuminating power depends upon in the manufacture of gas?—Upon the quantity of carbon in the gas.

2574. Do you not think that your idea might induce a needless waste of raw material if they kept up the same illuminating power at all hours of the day, and at every minute of every hour, when really the public do not require it?—There might be, perhaps, a little more expenditure, but it is just a question whether the public do or do not want it.

2575. As a practical man, do you mean to suggest to the Committee that it would be possible for a company, with any chance of avoiding the very serious penalties to which they are liable, to keep up their illuminating power continuously during every minute of the day, challenging you to go at an unknown period and take your test whenever you liked?—The best answer I can give to that is, that there are companies who do so.

2576. Where?—In Dublin; and, practically, the Phoenix Company here does so.

2577. Are they at the risk of an inspection of illuminating power at any moment the people choose to go?—Yes.

2578. And under heavy penalties if it is not up to the mark?—Yes.

2579. So that if the examiners choose to make their three tests at two, three, and four o'clock in the morning, and found them all failing, notwithstanding there might be splendid gas all the afternoon and evening you would think that it was a fair thing to the company to leave them open to the penalty?—I think it might be. I may mention that the Phoenix Company have a right, as you know, to three hours' notice before the testing of their service; but under the direction of their Directors their Secretary wrote to the Clerk of the Board of Guardians of Lewisham, for whom I test the gas, to say that they would not require that notice, and that I could come when I liked day or night; and I do so; and I may add that I have never found any deficiency in the illuminating power of the gas.

2580. Mr. *Richards*.] That is under the Act of 1860?—It is.

2581. Mr. Serjeant *Sargood*.] I suppose as you have made no communication to the Company when you discovered this that you may not be familiar with what their instructions to their chief engineer, and their men are, in reference to this subject?—I am not.

2581. You are not aware that their special instructions are to be continually testing the illuminating power, so as to keep it up during the whole of the day and night to the right standard?—No.

2583. That being so, I think I must trouble you now to give me from your book three or four dates and instances where you found these changes take place,

Mr. C. Heisch.

8 June 1875.

so that we may have at least the fair advantage of examining into them ourselves?—Would you wish those that I have made myself.

2584. Certainly, those which you have made yourself?—I cannot without reference give you those that I have made myself, because they have spread over various times; but I can produce the official tester, if you like, who made those which I have in my pocket.

2585. You may not have them all in your pocket, but will you be kind enough to refer to your book and to give me at your own option, at any date you choose, and any hour you like, the particulars of any discovery of this description that you have made, in order that we may look to our testings of that day and hour and see if we can find out the reason why this change occurred?—I will endeavour to find those notes for you by to-morrow, but I have not them in my pocket now. Those which I produced were made by the official tester at Beckton; the same man who tests in the evening.

2586. If that is your experience it is a very fair thing to mention it; but I must accept the challenge and follow it up very strictly?—Quite so; but I cannot promise to produce those which I made myself.

2587. I would rather have those than any, because I do know you and I do not know whom else you might put up?—The official tester takes all the tests in the evening, and they are received as correct, and we can produce him very easily.

2588. You are speaking of non-official testings taken, as I may familiarly say, out of office hours?—Exactly.

2589. As you are a non-official tester but an equally competent man with the official tester, I would rather have your experience in office hours, and I think I am entitled to it?—I have done it on many occasions, but I cannot give you the precise dates; I may have them noted in a book at home, but I have not got them here. Those which I have here are made by the official tester.

2590. *Chairman.*] But they are only made within official hours, are they?—No, those are made at other hours by my directions.

2591. Mr. Serjeant *Sargood.*] If you will give me your own experience I will follow it out and see what account we can give of it?—I am afraid that I shall not be able to give the dates when I have seen it myself.

2592. Then I cannot at all check your inquiry, although I am quite sure that what you are giving is honestly intended?—I may have notes of it or I may not; I will look for them.

Re-examined by Mr. Cripps.

2593. Would the tester be a gas examiner?—Certainly.

2594. If that is so, the 76th clause in the Act of Parliament states that the report of the chief gas examiner on appeal, or the report of a gas examiner after the time for appeal has lapsed, and no appeal has been brought, shall be conclusive evidence as to the liability of the company to a forfeiture. In the ordinary course of business these tests are made by an examiner, and reported to you?—Yes, that is the ordinary course.

2595. And you have got them there?—I have.

2596. And you are prepared to satisfy the questions asked you about a certain rise or fall of the illuminating power by showing those tests?—Yes, and producing the man who made them if need be.

2597. Mr. Serjeant *Sargood.*] I do not object to their being produced by a man who took them, but I do not want to challenge your accuracy upon another man's report, and therefore I invite you to give me his own experience?—I am half afraid that I shall not be able to produce the dates.

2598. Mr. Cripps.] If the matter is really disputed we will produce the gas examiner who made tests, although I should have thought that the report was quite sufficient. The 48th section of the Act says that the average of all testings of illuminating power prescribed by the gas referees on each day shall be deemed to represent the illuminating power on that day; do you mean that it is your impression that "that day," as represented there, merely means the day between the hours of 5 and 10 o'clock, or between the hours of 8 and 11 o'clock?

o'clock?—It appears to me that it can mean nothing else, because they say that the tests taken at those hours shall be deemed to represent the illuminating power of the day.

Mr. C. Heisch.

8 June 1875.

2599. *Chairman.*] Do you read this Act, under which you work, as meaning that the companies will fulfil all their legal requirements if they provide the 16-candle gas between 5 and 10 o'clock in winter, and 8 and 11 o'clock in summer?—I believe that they fulfil all their legal requirements by so doing; otherwise, why should they not subject themselves to a penalty for not supplying it at other times.

Chairman. We should like to have it cleared up as to whether that is the legal requirement, or not.

Mr. *Cripps.*] When you come to put it into operation, the means of testing only extend to a certain number of hours.

Chairman.] I took it as you said, that it was prescribed for the whole day, but that the power of finding it out was limited to a certain time; but I understand that this witness, whose evidence is most important, because he ought to know the legal requirements which he is bound to see carried out, considers it only to apply between 5 and 10 o'clock; therefore I gather that if he is right, gas of 7 candles at other times would be within the legal requirements of the company.

Mr. Serjeant *Sargood.*] Quite so, Sir, and you will find that the interpretation clause gives you the meaning of the word "day"; it is from 9 o'clock in the morning to 9 o'clock the next morning.

Chairman.] How do you interpret the Act?

Mr. Serjeant *Sargood.*] I interpret the Act as you put it, Sir, that there is to be an illuminating power for a day of 24 hours, but that the test is to be between more limited periods.

Mr. *Cripps.*] We quite agree there, only I asked the witness to point out to you that there was a difference between our impression and his.

Mr. *Talbot.*] I understand, Mr. Cripps, that you and the learned Serjeant agree, but I am sorry to say that I cannot take the same view of the clause as you do; of course I assume that you are much more likely to be right than I am, but what is the use of a requirement of a certain illuminating power for the day, if there are only certain hours in which you can test it.

Mr. *Cripps.*] That is one of the omissions of the Act which we propose to alter in the present Bill.

Mr. *Talbot.*] You assume it to be a lapse in the drawing of the Act?

Mr. *Cripps.*] It may possibly have been intentional; if it was, no doubt the spirit of the thing is that you must have a certain illuminating power through the day.

Chairman.] It is important because if the witness's interpretation is the correct one, you would be asking that the companies should be put into a more disadvantageous legal position, because they would be called upon to give for 24 hours what at the present moment they would only be called upon to give for five hours; if, on the other hand, your interpretation, Mr. Cripps, is the correct one, you are only requiring from your point of view a more certain way of ascertaining whether they do fulfil their legal requirements or not.

Mr. *Cripps.*] That is entirely the view which we take of it.

Mr. Serjeant *Sargood.*] My idea is, that the promoters of the original Bill in the interests of the consumers took care that the testing should be at the hours when the consumption was the greatest.

Mr. *Cripps.*] But it was never intended that at the other times of the day there should be any other standard of illuminating power.

Mr. C. Heisch.

8 June 1875.

Chairman.] We have the fact that the officer of the Corporation has not so interpreted the legal requirements of the Act which he was sent down to see kept up.

2600. Mr. *Birley* (to the *Witness*).] Is that merely your own interpretation of the Act, or have you taken any opinion upon it?—I have taken no opinion upon it, but it appears to me that if they were required to give gas of another illuminating power, there would be means of testing that they did so.

2601. *Chairman.*] Were any instructions given to you by the Corporation or the Metropolitan Board of Works?—The instructions are given by the gas referees.

2602. d those instructions say anything about the legal requirements of the Act?—Those instructions simply relate to testing between certain hours.

2603. They do not state one way or the other as to this difference of interpretation?—Not at all.

Mr. *Cripps.*] Our only instructions to the examiners would be for the testing which is prescribed by Act of Parliament at particular hours.

2604. Mr. *Talbot* (to the *Witness*).] Do you test for the Metropolitan Board of Works, or only for the Corporation?—Only for the Corporation.

2605. Mr. *Serjeant Sargood.*] Do you not know perfectly well that the gas which you test is not gas made at the moment on the premises, but gas that is in the holder and that has been made during the last 24 hours?—It may be.

2606. It must be, must it not?—Not necessarily.

Mr. *Cripps.*] You know the clause which we propose to substitute for the clause to which your attention has been called, which is that the gas examiners shall at each place make daily such a number of tests as the referees may prescribe, for ascertaining that the illuminating power of the gas, during the whole of each day, supplied by the company, is such as is prescribed under the Act, and that in the event of its being ascertained to be under that point, he is further to give notice.

Witness.] Quite so.

Mr. *Cripps.*] Do you accept these reports, Mr. *Serjeant Sargood*, or shall we bring the examiner?

Mr. *Serjeant Sargood.*] I cannot accept them, because I cannot cross examine the reports, though I am not impeaching them.

Mr. *Bristowe.*] Do you contend, Mr. *Cripps*, that on the interpretation of this Act, taking Clauses 47 and 48 together, the intention of the Legislature was to prescribe certain fixed hours between which the tests should be taken, and that the average of those three tests should determine the amount of illuminating power for the whole of the 24 hours?

Mr. *Cripps.*] Yes, Sir.

Mr. *Bristowe.*] Then, the difference between you and Mr. *Serjeant Sargood* is this, that Mr. *Serjeant Sargood* says, if I understand him aright, that the average tests are shown in Section 47. You do not admit that you are bound to keep up that amount of illuminating power during the whole 24 hours.

Mr. *Serjeant Sargood.*] On the contrary, I say that I am excused from keeping it up by this very mode of test. Otherwise I should, at 4 o'clock in the morning, when nobody wants any gas, be open to the penalty.

Chairman.] I do not understand Mr. *Serjeant Sargood* now as I understood him before. I will put an extreme case to test it. We will suppose that there may be in London, as there are in the North, factories that want light from 6 to 7 o'clock in the morning, and that the gas which is supplied to them, instead of being 16 candle gas is only 10-candle gas. If this witness is correct, it appears to me that they would not be breaking their legal requirements, because they would be supplying from 5 to 10 o'clock in the evening gas that was up to 16 candles; and he interprets Clause 48

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to mean that that is to decide everything that they have to do in the 24 hours. Would you think, Mr. Serjeant Sargood, that they would, or would not, be breaking their legal requirements, by having supplied only 10-candle gas at 6 o'clock in the morning.

Mr. C. Heisch.
8 June 1875.

Mr. Serjeant *Sargood*.] If that was the amount of the test outside of the prescribed hours, they would not in my judgment be breaking the law at all.

Chairman.] Then I was mistaken in supposing that you and Mr. Cripps agreed in the interpretation.

Mr. *Cripps*.] I read it totally differently now from the way in which my learned friend reads it, though we agreed before.

Mr. Serjeant *Sargood*.] The reason for it is obvious. We are under heavy penalties to supply gas of a certain illuminating power; the test is to be taken at the moment when our constituents most need it, and we are under a penalty if at that time it is not up to the test.

Mr. *Cripps*.] Section 48 says that it is the average of all the testings which shall be taken as the illuminating power on that day.

Wednesday, 9th June 1875.

MEMBERS PRESENT:

Mr. Birley.
Mr. Thomas Brassey.

Mr. Bristowe.
Mr. J. G. Talbot.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

Mr. Arthur Gunn, called.

Mr. A. Gunn.
9 June 1875.

2607. *Chairman.*] HAVE you the information for which I asked with regard to the prices of the companies immediately next to the companies on the map? —I have. The prices in the year 1874 were, Crystal Palace, 4 s. 2 d. ; Brentford, 4 s. 6 d. ; Woolwich, 4 s. 6 d. to Michaelmas, and 4 s. from Michaelmas.

2608. *Sir Edmund Beckett.*] I hear it stated behind me that there are two Woolwich companies; which do you mean?—That is one of them; I do not know which. Then there is West Ham, 3 s. 9 d., and Wandsworth and Putney, 4 s. 6 d.

2609. Can you give us the illuminating power?—I have not the illuminating power because this is derived from information in my office. The Metropolitan Board have premises in districts which are lighted by each of these companies, and this information has been taken from notes, from which it appears what has been the charge which has been actually made. So far as regards the illuminating power, we can in a day or two get that information. For the first quarter of 1875 the charge was, Crystal Palace, 4 s. 2 d. ; Brentford, 4 s. 6 d. ; Woolwich, 4 s. ; West Ham, 3 s. 9 d. ; Wandsworth and Putney, 4 s. 6 d.

2610. *Sir Edmund Beckett.*] Have you Richmond?—No.

Mr. Charles Heisch called again ; further Examined by Mr. Cripps.

2611. I THINK that you were examined yesterday with reference to the somewhat sudden rise in the illuminating power of the gas, which took place about four o'clock, or at some particular time of the day before five o'clock?—Yes; sometimes at one time and sometimes at another.

2612. You produced these books which you said had been furnished to you by the gas examiner who reported to you?—Yes.

2613. You also said that you had yourself made some tests, establishing more or less the same point?—Yes.

2614. You had not the dates for them?—No.

2615. Have you looked to the papers?—Yes; but unfortunately they are not dated. I cannot find those papers at all; they were quite unofficial things, taken at unofficial hours, and I cannot find any notes of them at all.

2616. *By the Committee.*] Then how do you know that they were not dated?—I am not sure that I took any tests at all, but at the time I was speaking from memory.

2617. *Mr. Cripps.*] Then from your own knowledge you cannot supply us with any further evidence than you gave us yesterday?—No.

2618. Have you the books?—Mr. Young has them.

2619. I do

Cross-examined by Mr. Serjeant *Sargood*.

Mr. C. Heisch.

9 June 1875.

2619. I do not now quite understand the matter. I asked you to be good enough to give us your own experience of what the reports were, and at Questions 2538 and 2539 you gave us experiments on the 6th of April, at twenty minutes past four?—No; I was quoting this from his book.

2620. And on the 4th of March, at ten minutes past four; I thought that those were all testings, but I am mistaken?—You were mistaken.

Mr. *Bristowe*.] I was under the same impression as Mr. Serjeant *Sargood* was.

Witness.] What I spoke of was purely from my own recollection.

2621. Mr. Serjeant *Sargood*.] Then, from recollection, and making personal tests out of office hours, what amount of deviation in candle power do you allege that you discovered within a certain number of minutes?—I have frequently seen a difference of two candles, and sometimes more, in the course of half-an-hour, or three-quarters of an hour at the outside.

2622. Has there been a difference of two candles in from 30 to 45 minutes?—Yes.

2623. What is your exact position and duty with regard to this business?—My official duty is to visit the stations, and to see that the apparatus is kept in proper order, and to go at uncertain times to see that the official testing is carried on properly. I have to be a go-between between the testers and the Corporation, and generally to advise the Gas Committee of the Corporation upon this subject.

2624. Then I presume that the testers are appointed by an indifferent body?—They are appointed by the Corporation and by the Metropolitan Board.

2625. They are appointed by the interested parties representing the consumers?—Those persons who are appointed for the City are generally appointed upon my recommendation.

2626. You are also a public officer of the City of London?—Yes.

2627. In the interest of the consumers?—I am, according to the terms of my appointment, an impartial person.

2628. I am not alluding to your being an officer of the Corporation with the view of throwing any slur upon your probity?—I do not imagine that for a moment.

2629. But it is your duty, holding a public appointment, to take care of the interests of the public?—Yes.

2630. Did you consider it at all a question of importance to discover, as you thought that you had discovered, that the illuminating power could be raised at the testing place two candles in 30 or 45 minutes. Did you think that that was of the slightest importance in the interest of the consumer?—Yes.

2631. And notwithstanding that you thought that you never kept any record of it?—Not of the precise dates.

2632. Nor of the precise facts?—Perhaps not.

2633. With regard to the unofficial reports which are taken out of office hours, those are preserved in a book?—Yes, some few are preserved in a book.

2634. It would be for you, as a chemist, to go and find out how that manipulation was accomplished; I will tell you fairly why I am asking you that question; I believe it to be a physical and chemical impossibility; did you try to find out how that wonderful change was accomplished in 45 minutes; I mean unless by fraud?—What do you call a fraud?

2635. What I call a fraud is an intentional tampering with the gas for the purpose of creating an amount of illuminating power to satisfy a test, which may again be thrown off after the test is made. I ask you whether you thought that of sufficient importance to try and find out how it was done?—I have asked various gas engineers how it might be done.

2636. You say various gas engineers?—One or two perhaps.

2637. Are you going to call any one or more of them?—That I cannot say.

2638. At your testing place you supply the gas from the manufactory, and the first thing which you do is to test what is the impurity, and then you test it for the illuminating power?—We test for sulphuretted hydrogen.

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2639. (To

Mr. C. Heisch.
9 June 1875.

2639. (To the *Witness*.) With respect to your gas, you are aware that you get your gas from a main which brings it down to you for those two tests, namely, for the sulphuretted hydrogen, and the illuminating power?—Yes.

2640. Do you know from what part of the work that particular main conveys the gas which is submitted to your test?—I presume that it is from the holders.

2641. So do I. Do you know how many holders there are?—I do not at present.

2642. Are not they very large holders, holding many millions of cubic feet of gas?—They are.

2643. Perhaps you know that they all communicate with one another?—I am not aware of that, but I presume that they all communicate with the main, which is much the same thing.

2644. Have you sufficient knowledge of gas manipulation to suggest to this Committee that it would be possible even as regards one holder (and I will not embarrass you with more) to change the quality of the gas in one of those enormous holders, one of them containing a million cubic feet, to the extent of two candles or anything approaching it in 45 minutes?—Do you mean to change it in the holder?

2645. Yes?—I imagine that it would be more simple to change the holder. Of my own knowledge I cannot say.

2646. You say that you think that the holder might be changed. There are four holders. I will call them A. B. C. and D. Do you mean that in order to change the gas in holder A, they might supply you from holder B?—Yes.

2647. But you have said that your holder communicates with each of the mains at the same moment?—No; I do not say at the same moment. They will communicate with the same main, but not necessarily at the same moment.

2648. I will assume that there is a tap by which the gas may be shut off from the holder; which of the four holders shall I manipulate for your pleasure?—Whichever you please.

2649. I will call it B.; I have turned on the tap of B. holder, containing a million cubic feet of gas; do you believe that you could turn holder B. any more than holder A. into two candles more of gas?—No; but if holder B. had two candles more of gas you might supply it.

2650. That assumes that to begin with it has two candles more of gas?—Yes.

2651. And therefore you assume that I turn on the best gas, and not the worst?—I do not say that you do that; but I say that such a thing is possible.

2652. Do you know where the gas comes from before it gets into the holder?—I suppose that it comes from the purifiers.

2653. It passes through the purifiers, but it comes from the retorts; do you know how many retorts they have?—No; but it is an immense number.

2654. I am told that it is 2,000, but I always forget these figures; do you know that while there is the power of conveying the gas from the retort, each pipe is concentrated at a common centre, although all the retorts empty their contents into one main, and that that main conducts the gas into all the holders?—No, I cannot say that I know that of my own knowledge at all.

2655. If you knew that that was the fact, you would possibly think it difficult to put on 14-candle gas at one moment, and 16-candle gas at another, through the same pipe?—I believe that such a thing might be done. Is it a fact that there are no means of communicating otherwise?

2656. I want to know what you know about it?—I know nothing precisely about the arrangements at the Beckton Works.

Mr. Talbot.] The allegation is that, on the 4th March, at 10 minutes past 4 in the afternoon, the illuminating power was 15·2; at 40 minutes past 3, which is exactly half an hour's difference, the illuminating power was 16·81.

2657. Mr. Serjeant Sargood.] I know that it is physically impossible that that change could have taken place except by fraud, and I want to know whether Mr. Heisch can suggest to me that that thing is possible. (To the *Witness*.) Do you know that?—I have told you already that upon the point of possibility I would

Mr. G. Hetch.
9 June 1878.

would rather not give an opinion. From what I have heard I believe that it is possible.

2658. Do you know that all the gas is concentrated from a common centre into one pipe, from which it is delivered to all the four gasholders?—I do not.

2659. Assuming that for a moment, how do you support your theory of different qualities of gas being delivered at the same moment?—I could not do so.

2660. Have you arrived at a theory by consultation with gas engineers, that 14-candle gas is changed to the extent of two candles in 45 minutes?—I have already told you that I have no theory upon the subject at all.

2661. Then am I to understand you to represent to this Committee that having so little personal knowledge of the manipulation of gas, you are quite ready to tell the Committee, from your own experience, that it is possible to charge the illuminating of gas to the extent of two candles, in 45 minutes delivered from the holder at your place of business for testing?—I can only speak of what I have seen.

2662. But you believe that you have seen it?—You may so put it, if you like.

2663. Is it not possible to make a mistake in this matter?—I do not think that it is possible to make such repeated mistakes as must have been made.

2664. The repetition of the mistakes, as far as your memory goes, is all made without a record; may I ask you why you did not preserve a record of what I venture to think is a very serious question?—I really do not know that I had any reason for it, excepting that it being out of official hours it went for little or nothing; no action could be taken upon it.

2665. Then you believe that the thing which you thought you had worked out as capable to be done out of office hours, was capable of being done in office hours?—Yes.

2666. Do you not think that that is a very serious suggestion?—I do not think that it is more serious in or out of office hours.

2667. If you thought that it could be done during the official testing, was not a record important?—It is, doubtless, a matter of importance.

2668. Did you ever communicate with the Gas Company in this matter of the testing, stating that you discovered the thing to be very unsatisfactory, and asking them to account for it?—No, I have not done so.

2669. Do you not think that it would have been fair for you to have done so?—I do not see that it would have been fair or unfair.

2670. At any rate, so far as you and the company are concerned, you never put it upon them until yesterday?—No, I do not know that I did.

Re-examined by Mr. Cripps.

2671. Are you aware that the Act of Parliament gives a test to be taken at different times?—Yes.

2672. It assumes that at each time when the testing is taken there may be variations?—Certainly.

2673. Are these tests recorded in a book?—Yes.

2674. Are those tests the tests which by the Act of Parliament are directed to be open at all reasonable times for the inspection of the company without payment?—Yes.

2675. And the company, under the Act of Parliament, have a right to see those tests which are recorded?—Yes.

2676. Further it is required, that each gas examiner on each day shall make a report of the result of the facts collected by him to the Corporation, to the chief gas examiner, and to the company?—He makes a report of the average only.

2677. But those averages are taken from the books, and those books are open to the company by the Act of Parliament?—Yes.

2678. Do the company, in fact, apply to see those books from time to time, as they have power to do?—Very seldom.

2679. But they might apply at any time under the Act of Parliament?—

Mr. C. Heisk.
9 June 1875.

Yes. In fact I cannot say when they do so, because, at Beckton, the book in which that record is kept is open to the company at all times.

2680. They might at any time come and see the book without payment?—Yes.

2681. Those books are furnished by you to which the company would have access, do show a sudden rise in the power of the gas?—Occasionally.

2682. Occasionally or otherwise it is recorded in the books?—Yes; but those tests are made within the official hours.

2683. But as I understand you those are the books which are furnished by you of the testings made within the official hours?—Yes, those which I produced yesterday; some of them were made out of official hours as well.

2684. Although you may have not made any memorandum at the time, and therefore cannot give the dates, is your memory clear on the fact that upon your examination there were these considerable changes which you have mentioned?—It is perfectly clear.

2685. That is produced by something at the works, but you only speak of the result?—I only speak of the result.

2686. Have you any testings which would show what the result of the illuminating power is before the official hours, as a rule?—I have no recorded ones.

2687. Have you any from which you could speak from your own information?—If I may speak from memory I may say that I am in the habit of constantly testing the gas in the City of London for various purposes, and that during the day it seldom exceeds 15 candles.

Chairman.] Before you call the next witness I should be very glad if we could clear up the exact legal position. We had a little conversation about it yesterday, and the counsel appeared to agree and then to disagree, and I am not sure that the counsel in every case gave just the same opinion. I mean that there was a difference of opinion from the same counsel; but as this is a matter in which fraud has been mentioned, I think that we ought to have it cleared up either by evidence, or in some way or another, as to what is the real position of the Company, and whether they are, or are not, required legally to furnish gas of 16 candles outside the official testing hours. If they are not so required, I cannot see that there is any ground for an imputation of fraud in a change, however quick, from 14 candles in the non-official hours, to 16 candles in the official hours.

Mr. Cripps.] In the first place, sir, this rests upon the charge of fraud.

Chairman.] I am alluding to the remarks of the learned Serjeant, who said that there was fraud. Therefore, before you call the next witness I should like to hear the legal interpretation of the matter.

Mr. Serjeant Sargood.] Sir, when I say that there is an imputation of fraud I mean not that there was any fraud committed out of office hours, but that a thing was discovered out of office hours which to the mind of the examiner suggested the idea that the thing could be done in office hours; and then I say that if it could be done in office hours it would be fraud.

Chairman.] There is no imputation whatever that it has been done in office hours.

Mr. Serjeant Sargood.] No, sir; but here the question is clear, and for the purpose of testing, it is said that we have the power of altering the illuminating power by two candles, which I shall say, bye-and-bye, is a physical impossibility.

Chairman.] After consideration since yesterday, do the counsel on each side agree upon the interpretation of the Act. Do the provisions of the Act legally require, or do they not, that the illuminating power should be up to 16 candles during the whole 24 hours, or only during the official hours.

Mr. Cripps.] Sir, I never had the slightest doubt about it. I have never altered my opinion. I was prepared to find that my learned friend does not agree with me, but my learned friend, Mr. Serjeant Sargood, is not the only person appearing for the companies, and I do not know whether his view is exceptional, or whether it is shared by the companies.

Chairman.] Your opinion is that it is for the whole 24 hours.

9 June 1875.

Mr. Cripps.] Unquestionably, sir.

Mr. Serjeant Sargood.] My opinion is that it was carefully the intention to give us such an exception.

Chairman.] Then I am afraid that we must go on with the evidence, those being the two views.

Mr. Talbot.] After the conversation which took place yesterday, I understood that the question was as to the illuminating power which was required by the Act throughout the whole 24 hours. That is so by the words of the Act, but they do not enforce that power.

Mr. Cripps.] They do not enforce it by penalties. It was thought that the greater part of the gas supplied would be sufficient for testing the illuminating power at all times; they fixed upon the times which were thought to be most convenient to the companies, and which would probably be convenient to all parties, to be taken as a test. Therefore, so far as regards being able to escape from a penalty for a particular breach of the law, I think that the company could do it. I think that you could not enforce the penalty because gas was of a less illuminating power out of the official hours. I think that it might not do as much as was intended to be done. It leaves the illegality of the company in not supplying gas up to the illuminating power required by the Act of Parliament exactly the same.

Mr. Talbot.] But an illegality for which the penalty cannot be enforced is a very odd sort of illegality, is it not?

Mr. Cripps.] Whether it can be enforced or not is a different question.

Chairman.] The difference is really very considerable, because, in the one case, you would be imposing upon the company a duty which Mr. Serjeant Sargood says is not imposed upon them; and in the other case you would be merely taking measures to see that the duty imposed upon them was continued.

Mr. Brassey.] And, of course, the price would be the same per quality.

Mr. Cripps.] Yes, sir.

Mr. Brassey.] Price and quality are regulated.

Mr. Cripps.] Of course, sir; it is the price of a particular article.

Mr. William Charles Young, sworn; Examined by *Mr. Philbrick*.

2688. ARE you a Fellow of the Chemical Society of Great Britain?—I am.

Mr. W. C. Young.

2689. Are you the Gas Examiner at the Beckton Station for the Corporation of the City of London and the Metropolitan Board of Works?—I am.

2690. Your duty is, as far as the official testing is concerned, to make tests at least three times a day at the hours which are available, beginning not earlier than 5 o'clock in the morning, and ending not later than 10 o'clock at night?—It is.

2691. Those tests are officially recorded by you in a book to which the municipal bodies have access?—It is so.

2692. Hence you made tests in other hours than in the official hours?—I have.

2693. When you have made tests before the official time of testing, have you found that the gas before that time has been under the illuminating power that it should be at the time of testing; sixteen candles in your case is your average?—Yes.

2694. I will refer you to the 12th December 1874?—On that date, at 3.30 p.m., the tests being made in precisely the same manner as they are made during the official hours, the gas was equal to 14.43 candles.

2695. It was under 14½?—It was under 14½. At 4 p.m. it was 14.88. The average

Mr. *W. C. Young*. age of these two tests, corrected for the temperature and the barometrical pressure, brought it up to 15 candles. You will understand that in the official tests they are always corrected for temperature and pressure, so that that was done in this case in order to make the test just in the same manner as the tests were made during the official hours. At 5 o'clock on the same day it was 14·91.

2696. At 6 o'clock, what was it?—17·32.

2697. There is a rise in an hour there of rather more than two candles?—In an hour-and-a half, it was from half-past three o'clock to five o'clock.

2698. Between five and six o'clock, what was the rise?—2·41 candles.

2699. In testing for the illuminating power, about how long does the operation of testing consume?—The operation of testing for illuminating power consists in making observations at a minute's interval between each two observations, so that the testing would take ten or eleven minutes to complete it.

2700. From your experience as a gas examiner, in testing for illuminating power, are you able to form any opinion, or to give the to Committee any evidence, as to within what interval of time a rise in illuminating power has taken place; do you ever find that change when you are actually making your test?—The rise on the 12th of December occurred as nearly as possible at six o'clock, and it was during the six o'clock test that the rise apparently took place, the first two observations being as low as the last observations in the previous test, and there was then a rise of nearly two candles in the observations.

2701. Mr. Serjeant *Sargood*.] What is the date?—It is on the same date.

2702. Mr. *Philbrick*.] That is in the official test in the book, which is accessible to the company. When a rise takes place during a test, does the flame of the gas what they call tail-over the top of the burner, and require you to make a fresh observation?—It depends upon the extent of the rise. If the rise was very considerable, it would tail-over the chimney, but if it was not very considerable, it would not tail-over the chimney.

2703. That rise is shown by the official test. Can you give me another date. Will you turn to 19th December 1874?—On the 19th December 1874, at 4.30 p.m., the gas was equal to 15·13 candles.

2704. Will you give us them reduced to one common standard, so that we can compare them accurately?—The individual tests are not corrected; it is the averages which are corrected; it was the average of the two which I gave you which was corrected.

2705. Mr. Serjeant *Sargood*.] The next two figures which you gave us are not corrected?—Quite so.

2706. Mr. *Philbrick*.] Will you turn to the official testings which begin at 5 o'clock on that day?—At 5 o'clock it was 16·77.

2707. Is that corrected or not?—It is uncorrected.

2708. At 6 o'clock on the same day, what was it?—18·18.

2709. When was the official test on that day?—At 7 o'clock.

2710. What was it?—17·67.

2711. By the proper correction, what average illuminating power would that give on that day?—17·4 was reported on that day.

2712. The testing at 4·30 which you gave us, of course, does not enter into that calculation?—No

2713. That average is corrected in order to bring it out to 17·4. I do not know whether you can give us what the 15·13 would work out to if corrected; and how many candles it would be?—Yes; I could give it in a very few minutes. It would be 14·93.

2714. By the *Committee*.] I want to understand the difference between corrected and uncorrected; what is the difference?—The correction is made on account of the barometrical pressure, and the temperature; the temperature of the room and the pressure of the atmosphere will affect the volume of the gas.

2715. Is the corrected result generally lower than the uncorrected?—It depends upon the thermometer and the barometer.

2716. Mr. *Philbrick*.] It varies?—It varies; if the barometer is high, and if the temperature is low, the correction will make the gas lower; if it is the reverse, the reverse will be the case.

2717. Mr.

2717. Mr. Serjeant *Sargood*.] Have you the figures here by which you can test your corrections?—No, the figures are to be found in the instructions given by the gas referees. Mr. W. C. Young.
9 June 1875.

2718. You say that when you get those figures which you have mentioned, you correct them, and bring it out at another figure. Have you what will check your figures?—I have.

Mr. *Philbrick*.] Sir, by the Act of Parliament this is to be deemed conclusive and binding upon the company unless within seven days they appeal to the chief gas examiner.

Chairman.] As regards this rise, whether it be sudden or not, would it be much the same evidence if we took the figures uncorrected, as if we took them corrected?

Mr. Serjeant *Sargood*.] Sir, the corrections are not in any given proportion; it depends upon the barometrical pressure.

Chairman.] But in the last case we have had the figures uncorrected, and what is the result corrected?

Mr. *Philbrick* (to the *Witness*).] It would vary with the temperature of the house, would it not?

Witness.] Yes.

Chairman.] Upon the point which we are trying to ascertain, namely, how far there have been changes, would it not do to take the figures uncorrected?

Mr. Serjeant *Sargood*.] I think so, sir.

2719. Mr. *Philbrick* (to the *Witness*).] Have you frequently tested in unofficial hours, before the hours of the official testing began?—I have.

2720. Speaking generally, can you tell me what is the result?—May I ask you whether you mean the results obtained at Beckton.

2721. At the testing place at Beckton?—I am speaking of within the last five months; I cannot speak before that time. I have found it as high as 16.2, I think, and as high as 17.1.

2722. By the *Committee*.] When?—At 10.40 p.m., on the 2nd March 1875, it was after the official testing; but before the official testing I have seldom found it over 16; it is more often much below 16. It is 15, 15.1, 15.9, 16, 15, 15.7, and 15.9.

2723. Mr. *Philbrick*.] That is the best which you can give us?—Yes.

2724. By the *Committee*.] How early in the day have you ever tested?—I have tested as early as 9 a.m.

2725. What was it then?—It was 16.2 and 16.3; those are two tests.

2726. On what day?—On the 28th November 1874.

2727. Mr. *Philbrick*.] Having given us the best which you can give us, what is the lowest which you have found on any of those occasions, before the testing hours began?—The lowest was on 25th February 1875, at 11 a.m.; it was 12.87 and 13.1; there were two tests.

2728. Mr. Serjeant *Sargood*.] What is your corrected average there?—I can give you the corrected average; it is 13.1.

2729. By the *Committee*.] That is the last figure which you gave us?—Yes. The average of those two is 12.995.

2730. Can you give us the testing at another time of the year than in the winter; have you any summer testing?—These testings have been made from the last day in November 1874, up to the 8th of April 1875.

2731. You have not then later than April?—No.

2732. Mr. *Philbrick*.] Have you a book which would enable you to answer the question of the honourable Member, or to give information to the Committee, as to summer testings?—The latest date which I have is 8th April 1875. On that date, at 3.50 p.m., it was 15.66 candles; at 4.25 p.m., it was 15.94.

Mr. *W. C. Young*.
9 June 1875.

2733. By the *Committee*.] Have you any more figures on that date?—I have no more on that date.

2734. Cannot you give us the later testings on that same day?—At 8.30, on the 8th of April, it was 16.92.

2735. Mr. *Philbrick*.] That was the first official test on that day?—Yes. At 9.30 it was 17.1; at 10.30 it was 18.04.

2736. What is the average for that day?—The corrected average was 17.5.

2737. By the *Committee*.] Have you ever taken any tests in the middle of the night after the testing hours?—On the 2nd March at 10.40 p.m the gas was 17.1, at 11.40 it was 16.16.

2738. Mr. *Philbrick*] Have you taken tests in the City as well as in the testing station at Beckton?—I have.

2739. Have you taken many?—Incidentally I have taken a great many, but not for the purpose of ascertaining the illuminating power of the gas; it has been for the purpose of comparing burners.

2740. Have you ever tested for illuminating power in the City, or in the course of the test which you have made in the City, have you had to consider the illuminating power?—I have.

2741. Where have you tested it?—I have tested it at Mr. Heisch's office, No. 8, Savage-gardens.

2742. In the mode of testing which you have adopted there have you used the burner and apparatus, and the same process of testing as at the testing station?—The same burner has been used; the photometer is of a different form.

2743. Does that alter the result?—Not at all, in my opinion.

2744. Is that one of the forms prescribed by the referees?—The referees, I think, prescribe only one form.

2745. I think that there are two, if you turn to the directions?—I have not the directions here.

2746. Can you tell us what generally has been the result of your testings as to the illuminating power in the day time.

Cross-examined by Mr. Serjeant *Sargood*.

2747. Under the process of correction, of which you speak, what is the largest amount of power which you can possibly make, or which you have made experience, as the difference in the figures?—Am I to understand you to ask me the largest difference before and after correction?

2748. Yes?—I cannot call it to mind. I should certainly say one candle, or rather more than a candle.

2749. I put that question to you because I thought that you answered the Right honourable Chairman's question just now by saying, that the corrections of the testings by themselves made a difference of more than a candle possible?—It may be so.

2750. In your judgment, do you think that possible?—Yes.

2751. When you have made the testings, have you been struck at finding a difference of two candles in a very short time, as Mr. Heish has said, 45 minutes?—I have.

2752. Have you been struck with it during testing hours, or outside testing hours?—At both times.

2753. Have you ever asked for an explanation from the company?—I have spoken about it to the officials of the company, but I have done so privately. I have not made an official communication to them upon the subject.

2754. It is no part of your official duty to communicate or to report to the company; you report to your superior?—Just so.

2755. Therefore anything which you said would be private?—Just so.

2756. And it would necessarily be confidential?—Just so.

2757. You do not look upon it as a breach of duty to tell them anything which you can find out, but that is your obvious duty?—Just so.

2758. Do you know enough of gas manufacture to say whether in your knowledge and experience the thing is possible?—No.

2759. Have

Mr. W. C. Young.

9 June 1875.

2759. Have you ever been to the works at Beckton?—I have.

2760. Do you call yourself a gas engineer?—I do not.

2761. Or a gas maker?—I do not.

2762. Then what is your profession which qualifies you to take the office of a gas tester; I mean your professional education which qualifies you for it?—I am an analytical chemist.

2763. That does not necessarily imply that you should know anything about the making of gas?—That is a matter of opinion.

2764. I suppose that you know as much as some people do, that gas is made of coal, and not of bricks?—An analytical chemist, I think, is supposed to understand the manufacture of gas to a certain extent.

2765. Do you know enough of it to tell me this: how would you raise the illuminating power of gas if you found that by some test it was not working up to the mark?—As regards the illuminating power of the gas, a gas of 14 candles is raised by adding a stronger gas to a weaker gas.

2766. Mixing the gas?—Yes.

2767. Did it ever occur to you, when you discovered this rise of two candles, that they had been mixing the gas so as to raise the illuminating power?—I cannot say that I formed an opinion upon it.

2768. Did it strike you as of importance to form an opinion upon it?—The fact occurred to me, but the explanation did not occur to me.

2769. I dare say that you did not suspect a fraud?—No.

2770. But the fact that it might open the door to fraud occurred to you?—Just so.

2771. Did it not occur to you that it was sufficiently serious to take a step in the matter?—It did.

2772. What did you say to the company upon it?—Am I obliged to give an answer to that question?

2773. You may do just as you like?—I repeated what I had observed to one of the assistant engineers of the company, and he remarked that the thing was impossible; that the testings which they made at the works were generally 16 candles, and seldom under; that it might be under 16 candles; that it might be 15·8; and that the testings which they made were generally made with the valve men, who, I presume, generally regulate the discharge of the gas.

2774. (By the Committee.) When you were informed by the assistant engineer that it was impossible, did you understand it to mean that it was impossible that there should be that rise, or that it was impossible because it was contrary to the tests which the officials had made?—I understood him to mean that it was impossible, because there was such a low illuminating power.

2775. Not that it was impossible as a question of rise, but that it was impossible because they had tests which were so different?—Yes.

2776. Mr. Serjeant Sargood.] That the thing could not physically be a fact?—I do not think that he imputed that I had made a blunder.

2777. He must have found that you were wrong, because he had a record giving another result, or was it because the thing was impossible; which did you understand him to mean?—I cannot tell you exactly what I understood him to mean.

2778. You must either have understood him to mean that you had made a blunder, or that you disputed the fact, because you had a record?—The probability is that he thought that I was in error.

2779. Then he said that he thought that you had made a blunder, and that the thing was impossible?—He did not say so.

2780. But you understood him to mean that?—He intended it.

2781. Do you know anything about the manipulation of the gas; do you know where it comes from before you test it?—Yes.

2782. Do you know that it comes from those big holders which hold a very enormous bulk of gas?—They hold an enormous bulk of gas when they are full.

2783. They hold half the quantity when they are half full, and they hold nothing when they are empty?—Yes.

2784. But they are capable of holding an enormous quantity of gas?—Yes.

2785. And you know that they are full of that gas, because they supply the gas for this purpose, for that purpose?—I presume so.

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2786. You

Mr. W. C. Young,

9 June 1875.

2786. You did not think that these big holders were stuck up for ornament, but they were intended for use?—Just so.

2787. Assuming one of these holders to be three parts full, how long a time would it take to raise the quality of gas in that enormous holder to a difference of two candles by the pressure of the gas alone?—I should say that it would take a very long time. I never made the experiment.

2788. To change the quality of the gas in the holder itself would take a very considerable time; you would not suggest that it could be done under several hours?—It would depend upon the bulk of the gas in the holder, and upon the discharge of the gas into the holder, and the number of retorts in use.

2789. But I am taking it according to the variations of the gas holder in that way; are not they constantly making gas all day and all night?—Yes, excepting on Sunday, I believe.

2790. But apart from that, they are making gas all day and all night for the supply of the town?—I believe so.

2791. Therefore, they put the gas into the retorts and it goes into the large holders?—Yes.

2792. The quality of the gas in the large holders can only be changed by throwing in gas from the retort of a somewhat different quality; is not that so?—Or by leaving the retort doors open.

2793. That, in the ordinary course of trade, must of course be constantly varying, more or less, in the course of manufacture?—Just so,

2794. (By the Committee.) Will you describe how leaving the doors open would have the effect which you mention?—There is always a pressure against the inlet of the retort, on account of the exhausters which are used, as the air would get through the exhauster into the main by leaving the door of the retort open.

2795. Supposing that the door had been left open, and that then it was shut, how quickly would the shutting of the door raise the quality of the gas?—On that point I can offer no opinion.

2796. Mr. Serjeant Sargood.] You are now speaking of raising the quality of the gas; it must be done wilfully, must it not?—It may be from the negligence of the man, and it may not be wilful on the part of the company.

2797. Then would the effect of negligence be to make the gas of a higher illuminating power than otherwise?—It might have the effect of making it lower.

2798. I was talking of the effect of raising the illuminating power of gas?—I understood you to say altering the illuminating power of gas.

2799. Will you oblige us, with reference to all the instances you have given, by giving us all your figures that show the corrections for the barometer, and so forth, so that we may check your results?—Which figures are you referring to?

2800. Every one with respect to which you have thought it worth while to put upon the notes, the result of your examinations, particularly those of the 12th and 19th December; have you all of them in that book?—No, I have the figures that corrected the illuminating power, but I have not the barometer and thermometer corrections.

2801. Will you let me see that book?—(The Witness handed it to the learned Serjeant.)

2802. This book has entries at various intervals. I see here Saturday, 28th November, and then various other dates; it looks like entries at weekly intervals. Do you use books for different days in the week; this does not appear to be a diary?—I was requested to make such tests as these, and I thought it would be best to enter them all in one book, and I entered them as I made them in the book.

2803. I thought this was an official book?—No; these are unofficial tests.

2804. How many more of these non-official books have you been using in giving us the results?—That is the only one.

2805. What is your exact position; what do you call yourself?—Gas examiner. My appointment says that I am appointed as gas examiner to the Metropolitan Board, and on another appointment it says that I am appointed as examiner to the Corporation of the City of London.

2806. You have two appointments?—Yes.

2807. Are

Mr. W. C. Youngs

9 June 1875.

2807. Are you paid by two separate salaries, or by a conjoint contribution from those two bodies?—I am paid separately. In the resolution in which the Corporation agreed with the Metropolitan Board to appoint one examiner, the salary was fixed at a certain sum, half of which was to be paid by the Metropolitan Board, and the other half by the Corporation.

2808. I suppose you are very fully occupied in this job?—I am at it at a certain time of the day.

2809. It is one of the staple occupations of life with you?—Yes.

2810. You say you were asked to make those non-official tests; by whom?—I was asked by Mr. Heisch.

2811. When did they begin?—You will see the date of the first test in the book.

2812. The 28th November 1874; that was the time the Bill was lodged?—The unofficial tests had been taken; but they had not been entered in the book.

2813. When the Bill was lodged it was thought that the time had come to get up a case; now I follow you; you must not be offended if I ask you this; how much have you been paid extra for the non-official tests?—I have not been paid for them.

2814. How much are you to be paid?—I do not know.

2815. Were not you told that you were to be paid?—Yes, I was told that I was to be paid for them.

2816. What was the object of the entries in this non-official book, beginning on the 28th November?—To see what the gas was at Beckton at other times than at the official testing time.

2817. What was the object of ascertaining that?—That was the object I had.

2818. For what purpose?—Of that I know nothing.

2819. Were not you told to keep a record of it?—I was told to keep a record of it, and I did so.

2820. Did not you know perfectly well what the object was?—The record I kept was on slips of note paper, and they have been copied into that book.

2821. It looked to me as though it was all written at the same time?—Many of the entries were written at the same time; the later ones were not.

2822. Where are the originals?—In a drawer in my desk at Beckton.

2823. I dare say you believe that you have copied them accurately?—I have not the slightest doubt about it.

2824. Have you copied every one you ever took?—I cannot be certain of that. I do not think I have.

2825. I think I can be certain that you have not?—I have copied all that I have taken since a certain date; before that I had pupils there, and tests have been taken frequently by me and other gentlemen, and of those tests I have no record.

2826. As a matter of convenience, sometimes you cannot manage to attend at what I call office hours; by a little indulgence you can go in and make a test a little later, after office hours; if it happens that you are not able to get there at the time prescribed in the Statute, is there any objection made to your going in and taking the tests as nearly as you can to that hour?—It may have happened that I could not take the three tests in the prescribed time; but I have been able to take two. Upon one occasion I think I took one only; that was on account of illness in my family. I think only once during the whole time of my testing have I ever omitted to take the tests during the proper time; that was within three hours.

2827. Where you could get the third within the time instead of taking the two as an average, you took a third afterwards?—Yes. It was only on one occasion that I only took one in the proper time.

2828. Never on any other?—No.

2829. Have you any objections to our keeping this as you have the originals?—I have not the originals of all those entries; if you have a copy taken of that book I will take the book with me, I would rather keep the book.

2830. I want the reading of the photometer; you have an account of that somewhere; is that on this page?—Yes.

2831. Do you keep the quantity of sperm consumed by the candle?—Yes.

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2832. Shall

Mr. W. C. Young.
9 June 1875.

2832. Shall I find the corrections by the thermometer?—Some of them are not corrected.

2833. Some are?—Yes.

2834. Is there any reason for that distinction?—No; I think I can find the correction from my book.

2835. Is there anything on the face of this that will enable our people, who understand these things, to check off your calculations?—If there is not everything, I can give them the information they require.

2836. I want to draw one comparison; you have given on the 12th of December at four o'clock 14·88 as the uncorrected amount of the illuminating power, what would that be if you corrected it?—The correction is upon the average of that and the preceding test.

2837. No, do not you correct each figure before you strike the average?—No.

2838. After you have a general average of uncorrected figures?—Yes, the variation during the three years would be so slight in the barometer and thermometer as not to affect the test.

2839. If I have followed you, you gave us on the 12th December a certain illuminating power at 3·30 o'clock, and a certain illuminating power at 4 o'clock, and you said those figures when corrected gave a certain average; did not you correct each of the figures?—I think I said the average of those figures when corrected gave a certain quality of gas.

2840. No, you said the average of them when corrected would be 15 candles?—Yes, the average of the two tests that I meant was that the average was corrected, not that the tests were corrected; it was the average of the two tests when corrected.

2841. Supposing you had taken the 4 o'clock test, namely, 14·88, what would that come out when corrected, as near as you can tell me?—15·2, I should say.

2842. It is a very curious thing that we have a test at that very same hour, and our test is 16·01, can you account why we should differ from you, seeing that you ought to be very careful about those testings; these were supplemental testings. If your corrected figures at four in the afternoon of the 12th December would stand at 15·1, do you think it possible that we could at the same moment be taking a test of illuminating power which, corrected, would stand at 16·01?—Not on the same gas.

2843. That you would think was impossible?—If the experiment were made in the manner I made it.

2844. I am assuming our people know what they are about; you think that would be impossible with the same gas?—Yes.

2845. On the same day, the 12th December, at 6 o'clock, you got out a test which, when corrected, was 17·32; how many minutes did that take; you say 10 minutes; I think you said it took 10 minutes for 10 observations?—Yes.

2846. During that 10 minutes, what was the greatest rise in the illuminating power which your experiments disclosed to you before you struck your average?—The rise was from 7·9 to 9·2.

2847. Very nearly two candles?—No, not a candle and a half.

2848. Will you give it me in candles?—I cannot give it you in candles; burning 120 grains an hour, it is an impossibility till the candles are weighed at the end of the experiment. I cannot reduce it to standard candles till the candles have been weighed.

2849. I am told this, that during that series of 10 experiments your figures show a difference of two candles in eight minutes; I want to know whether you think that a physical possibility, or the result of a blunder?—I think it is a physical possibility, because I have seen the flame alter in that time in the photometer.

2850. An alteration of two candles in eight minutes?—Yes.

2851. Do you know how that could possibly happen?—I do not.

2852. As a fact you mean to assert it?—I do.

2853. Were your test papers in when you made that experiment for sulphuretted hydrogen?—Yes, they had been in over an hour.

2854. Your candles were accurately weighed at the time of those tests?—

None

None of those tests would be entered unless the candles were accurately weighed. Mr. W. C. Young.

9 June 1875.

Re-examined by Mr. Philbrick.

2855. You have been one of the examiners for gas since the Act of 1868 came into force?—Yes.

2856. Does your remark, that you have been absent only once at two of the three testing times, apply to the whole period of the testing since the Act came into force?—No, it applies to those tests I have given. I cannot speak to so long a time as you have referred to.

2857. In regard to all the tests that you have given the Committee data of, have they been all taken on the same principle?—Yes, each test has been taken in precisely the same manner.

2858. In applying the correction, whatever the correction may be, do you follow a certain prescribed rule of equality, which the gas referees give you, varying according to the conditions?—Yes.

2859. The gas referees prescribe a certain addition or subtraction to be made from the net result varying with the temperature and the atmospheric pressure?—They do; they prescribe a division to be made by a figure which is founded upon the barometer pressure and the temperature.

2860. So the atmospheric pressure by the barometer and the temperature by the thermometer being found, you apply a certain fixed figure?—Yes.

2861. I understand when you communicated the fact of what you had discovered, or what you had observed, to the officials of the company, you were told it was impossible, and a suggestion was made that you were wrong in your tests?—That is so.

2862. Those tests have always given, have they not, the illuminating power prescribed during the hour of testing; the company's illuminating power has never been deficient except on one or two occasions?—The illuminating power has never been deficient except when the accident occurred.

2863. And notwithstanding that suggestion, have you confidence in your tests?—Yes, perfect confidence.

2864. Scientifically, do you believe them to be accurate?—I do.

2865. You have mentioned a period of eight minutes during which a rise of illuminating power has taken place to the extent of two candles; is that a solitary instance in your experience, or have you known a rise about as rapid as that on more than one occasion?—On many occasions I have noticed it.

2866. Whatever the cause may be you have observed that?—Yes.

2867. Mr. Serjeant Sargood.] Will you furnish us with those details (*handing a paper to Witness*)?—Yes.

2868-9. Mr. Birley.] As regards your system of testing; we understood the other day that it was very difficult to bring the test of gas to a perfect equation with candle light, and yet you go minutely into decimals?—The decimals are the result of the equation and not of observation; in the observation we do not go beyond the first place of decimals; we do not go beyond tenths on the thermometer, and that really means two-tenths, because the light given by two candles is used. It is wrong to suppose that by merely multiplying the result by two you get the illuminating power stated in standard candles. It is not so; the light that is used is the light given by the amount of sperm burnt.

2870. Does the weather or the state of the atmosphere make any difference?—It does undoubtedly; the temperature affects the result.

2871. I do not mean the temperature; but would it matter whether the weather was dull or clear?—Not at all; the experiment is made in a closed instrument.

2872. You have similar results at all times of the year, and all times of the day?—Yes.

2873. And you think those can be relied upon scientifically?—I do.

2874. Has the eyesight of the person making the observation anything to do with the result?—It would not make any difference in the result unless the eyesight were defective.

2875. Is your method of testing the same as that of the companies?—The method

Mr. W. C. Young. method of testing used by the companies is, I think, similar in every respect to mine, with this exception, that they carry the candles some distance, and there is a chance of their spilling the sperm; that would mean so much sperm consumed; my candles are immediately under the photometer.

9 June 1875.

2876. *Chairman.*] That would be to the advantage of the gas; would it not?—Yes.

2877. *Mr. Brassey.*] Do the corrections that you have to make of the average make a larger addition to the illuminating power of the gas in the day time than they would in the evening?—That depends so much upon the temperature that I cannot answer that; in the winter the temperature in the daytime would be higher than at night, so the correction in the daytime would bring the lighting power up.

2878. It would be in favour of the gas?—The result would be the same in the end; because the correction is made to obviate the difference.

2879. *Mr. Birley.*] Does a difference of pressure make any material difference in the illuminating power?—No; because the gas is burnt at the same pressure in each experiment, the pressure being regulated.

2879*. Otherwise it would make a difference?—Yes.

Mr. Robert Hogarth Patterson, sworn; Examined by Mr. Philbrick.

**Mr.
R. H. Patterson.**

2880. WERE you one of the gas referees appointed by the Duke of Richmond, when he was President of the Board of Trade, on the passing of the City Gas Act in 1868?—I was.

2881. *Chairman.*] You are not one of the present referees?—No.

2882. *Mr. Philbrick.*] When were you appointed?—On the 1st September 1868, and I ceased to act on the 1st September 1872.

2883. What burner did you find was the burner in use as the standard burner at the time you entered upon your duties?—The Sugg-Letheby.

2884. Were you present when the burners were produced yesterday by Mr. Keates?—I was.

2885. Was that the burner he referred to as the intermediate burner; the 1864 burner?—Yes.

2886. The one he said gave two candles better result than the burner in use in 1860?—Yes.

2887. Are you aware of the present burner which the referees adopt; the Sugg-London?—I was one of those who selected it.

2888. What is the result of the use of that burner upon the quality of the gas; upon the testing for illuminating power?—It gives two candles more light than the burner in use when I was in office.

2889. With the same gas?—With the same gas.

2890-91. So if I were to test a 14-candle gas, which would conform to the burner which you found in use when you went into office, I would get as good as 16-candle gas with the burner which you and your colleagues adopted?—Yes.

2892. You found the Sugg-Letheby burner the one in use at the time of the commencement of your official duties?—Yes.

2893. As referees, did you publish two reports upon the gas burners and the proper principle for fully developing the illuminating power in any particular quality of gas?—We did.

2894. As to the burners generally in use in London, what did you find?—We spent some months, I may say, in making a collection of burners from the trade. We also examined the burners in use in several large establishments in the City, where much gas was used; a considerable number of the burners which we thus came in contact with gave only about 25 per cent. of the light of the standard burner which we adopted. On the average, I think the burners in use gave about 60 per cent. of the standard burner.

2895. Does that mean that the consumer who used the gas only got by adopting the particular burner which he used 60 per cent. of what he might have got had the burner shown a perfect result?—Yes.

2896. That

2896. That was a matter which was laid before Parliament in your Report ?—It was ; all the matters connected with that burner that we thought important were laid before Parliament.

2897. If I refer to the Act of 1860, the standard burner there, I see, is specified as an argand burner of 15 holes, a 7-inch chimney, and consuming five feet of gas per hour :—Yes.

2898. Is that description or definition a definition which is useful, and capable of being applied in practice ?—It is of no use whatever.

2899. A burner which conformed to that description might be a good burner or a bad burner ?—Either a very good burner or a very bad one.

2900. If it is a very good one it would show best for the gas ?—It might be as good as the present standard burner.

2901. In that respect ?—Yes.

2902. Or it might be very much worse ?—Exactly.

2903. Will you tell us, as you have considered the matter a great deal, where it is that the difference in the degrees of illuminating power obtained from burners lies ?—Chiefly in the velocity at which the gas issues from the orifices of the burner ; it is important in connection with that that the burner should be made of a substance that does not become heated, for that increases the velocity at which the gas issues.

2904. It tends to expand the gas ?—Yes.

2905. In Sugg's burner is that result sought to be obviated, by making the point of escape larger than the point of intake ?—Yes.

2906. Does that practically, to a great extent, obtain the desired result ?—It does.

2907. As to the present standard burner which was adopted by you, do you consider that is for its purpose as nearly a complete instrument as can be ?—I do ; I believe it has been improved since.

2908. Substantially ?—Considerably.

2909. Which is the improved burner that you refer to ?—A modification of Sugg's-London argand.

2910. In gas legislation or in prescribing rules, whatever be the test burner, do you consider that it should be a certain and defined burner ?—There is no meaning in fixing the price of gas without fixing the burner ; you might as well fix the price of corn without saying whether it is to be measured by the Winchester bushel or another one.

2911. That is to say science has nothing to do with it ?—No, it is a commercial contract.

2912. In the same way as you fix the standard pint or bushel, or load of wheat ?—Yes, and we submitted that opinion to the Board of Trade about the time we fixed that standard burner, in a paper that has since been published.

2913. What do you say as to the applicability of the burner that was fixed on for general use by consumers ?—I think it is fit for general use.

2914. Would the present standard burner stand the ordinary draughts of a passage or corridor ?—I do not say that it would. I should not use it in a passage.

2915. It wants a room where the atmosphere is quiet ?—No, it requires an ordinary apartment ; no more.

2916. What would you use in such a place as I have put to you ?—A flat-flamed burner ; a burner which gives a steadier flame ; the worse the burner the less possibility or chance is there of its smoking. I have seen burners you cannot make smoke, and these are the ones that give the worst illuminating power.

2917. *Chairman.*] You would not recommend that the burner put into the Bill as the test burner should be used by all consumers ; shopkeepers, and so on ?—Any ordinary shopkeeper might use it.

2918. Not in an open place ?—No ; there is not much difference between the present burner and the Sugg-Letheby as regards capability of use by the public ; the present one is rather a finer instrument, but I could not say with the former burner before us but what the other burner was a perfectly adequate burner for the public.

Mr.
R. H. Patterson
9 June 1875.

Mr.
R. H. Patterson.
9 June 1875.

2919. Mr. *Philbrick*.] Still, as a test burner, you adopted, and you still adhere to the present burner that is prescribed?—Yes, certainly.

2920. That has nothing to do with what burner the consumer may use; all that the test burner insures is, that a certain article of a given quality passes through the meter?—Yes, that is the use of the standard burner.

2921. *Chairman*.] You say you consider it of very great importance, in fact, of vital importance, that in prescribing the quantity of the illuminating power and the price you should also prescribe the burner, otherwise you will not obtain the same result as regards price?—Yes.

2922. Therefore it is not of vital importance that it should be the very best burner, but it is of importance that it should be a fixed burner?—Yes.

Cross-examined by Sir *Edmund Beckett*.

2923. You say there is not much difference between this burner and the Sugg-Letheby; do you mean between the London Sugg and the Sugg-Letheby?—Yes, as a question of useableness.

2924. How is it as to illuminating power?—There is two candles difference.

2925. You mean the London-Sugg gives two candles more than the Sugg-Letheby?—Yes.

2926. You say that the test of 1860 was of no use whatever; will you explain why you say that?—Because I have seen a 15-hole argand giving a light of about 30 per cent. of what a similar argand gave.

2927. Were not there in existence in 1860 some burners which gave as much illuminating power as the present ones?—I never heard of such thing.

2928. How soon did any burner come into existence that gave as much light as the Sugg-Letheby; did any?—Yes, there was *Leoni's* standard burner.

2929. When was that invented?—I do not know; it was in existence in 1868.

2930. You do not remember seeing it before?—No.

2931. Who, in your opinion is to decide, under the Act of 1860, what burner is to be used for testing?—I do not know.

2932. Have you never tested yourself under the Act of 1860?—No.

2933. Your appointment only covered the companies under the Act of 1868?—And 1869.

2934. And you had no occasion to test those under the Act of 1860?—No.

2935. I understand you to say that though the Sugg-London burner is as complete as can be, it has been improved?—I did not say it was as complete as can be.

2936. But it has been improved?—I said it has been improved.

2937. By what?—I said I believed it had been improved; I understand it is by putting a button up the centre.

2938. Do you know anything more than that?—No.

2939. You can give us no further information than that you understand it has been improved in some way?—That is so.

2940. May I ask what you were when you were appointed referee in 1868?—I was an author; a writer upon science and general literature, and I had written upon the gas supply of London.

2941. I might write on the gas supply of London?—Well, why do not you?

2942. Had you any regular occupation in connection with gas?—In connection with gas I had not.

2943. How did you come to be appointed?—You had better ask the Duke of Richmond.

2944. You went on till 1872?—I did.

2945. Shall I ask the Duke of Richmond why you ceased to act in 1872?—The Duke was not there.

2946. Do you know why you ceased?—Yes.

2947. Why?—In April 1872 we received a letter (there had been a change before) from the Board of Trade stating that in the opinion of the Board we had all but exhausted the duties of gas referees; this was the opinion of the Board of Trade; that it was necessary to reduce the expenses, and they did reduce the salaries to less than one-third of what they had originally assigned to us. They also

also said that as the only difficult work remaining was to determine or settle the sulphur maximum, they thought it advisable that the highest chemical science should be called in. I will tell you my opinion, if you like, further. The highest chemical science that has been called in, and the highest physical science called in (Professor Tyndall) has not moved the sulphur question one step from where we left it. The changes going on in the purity of gas at present, and which had begun in a remarkable manner before we left office, are directly attributable to the investigations and processes devised and recommended by myself and my colleagues. That is my opinion.

2948. It is not my business to make out that the Board of Trade are ever consistent; I do not see how all this story of yours, about their wanting the highest chemical advice, is consistent with stating that you had exhausted the question?—I am merely giving you the contents of the letter of the Board of Trade.

2949. Have you it here?—I rather think it is a document laid before Parliament.

2950. Is that it (*handing a paper to the Witness*)?—No; I rather think it is in a Parliamentary Paper. I am not sure. There was a large correspondence between the Board of Trade and the Metropolitan Board, and the Corporation and ourselves, which was published, and I think the letter was in that; it was in April 1872.

2951. In fact, you ceased to be referee for those reasons; have you had anything to do with gas since?—I was consulted about it yesterday.

2952. Were you consulted about it much before yesterday?—Yes, frequently.

2953. By whom?—I published a pamphlet on gas purification, which, I think, every engineer in this room knows.

2954. I am not an engineer, and I do not know it; when were you asked by the Metropolitan Board, or the City, to give evidence here?—About a fortnight ago.

2955. What have you been doing besides publishing pamphlets?—I have been pursuing my ordinary profession.

2956. So have I; but what is your ordinary profession?—I have told you.

2957. Writing pamphlets on gas?—I am an author; a writer on science.

2958. Have you ever managed any gas works?—No.

2959. Have you ever designed any?—Never.

2960. Have you ever had anything practically to do with gas making?—No.

2961. Is there anything else you would like to suggest in the gas line that you have had to do with?—No.

2962. The Metropolitan Board, and I think the City, wanted to have the appointment of one of those gas referees; competent and impartial persons, as they call them; is there any idea of your being one of them?—Not that I am aware of.

Cross-examined by Mr. West.

2963. I believe you are a patentee also in gas matters?—Yes, I have a patent for gas purification.

Sir Edmund Beckett.] Why did not you volunteer that to me? That is important.

2964. Mr. West.] The patent was obtained from information you got from the Chartered Company when you were a referee?—They had not the information.

2965. As to this Board of Trade letter; during the time you were a referee, did not you proceed to take out a patent in regard to gas?—Yes, as one of my successors has done since he became a referee.

2966. You took out a patent with regard to the purification of gas, while you were a referee?—Yes.

2967. Did the Board of Trade think that an improper thing?—No, they wrote to me that they were satisfied with my procedure.

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2968. Then

Mr.
R. H. Patterson.
9 June 1875.

Mr.
R. H. Patterson.

9 June 1875.

2968. Then why did they dismiss you?—I have told you the contents of the letter.

2969. I did not hear very clearly what you said, but I understood you to say that one of the reasons was that the subject was almost exhausted, and that they wished to carry on the proceedings of the referees more economically?—They said so.

2970. As soon as they dismissed you, they appointed two other gentlemen?—They did, at less than a third of the salary.

2971. Who were those gentlemen who were appointed?—Dr. Pole, Mr. Vernon Harcourt, and Professor Tyndall were appointed.

2972. *Chairman.*] Who were the other referees at the time you were referee?—Mr. Pearce and Mr. Evans.

2973. *Mr. West.*] Mr. Evans resigned in 1870?—He did.

2974. Dr. Pole was appointed in his place?—Yes.

2975. And he continues?—He does.

2976. Then you were dismissed?—No; the conditions of the appointment of the referees were these; each referee could only be appointed for one year. I was appointed the first year, and I was re-appointed thrice, and for the reasons assigned by the Board of Trade, which I have stated to you, I ceased to be a referee along with another gentleman, Mr. Pearce.

2977. I beg your pardon for using the word “dismissed;” you were not re-appointed; who succeeded you?—Mr. Vernon Harcourt and Professor Tyndall, when we went out.

2978. Those two gentlemen’s united salaries were about a third of your salary?—The salary of each was less than a third of what we had.

2979. How long previous to your being not re-appointed did you take out this patent?—In March 1872.

2980. And then you brought an action against the Chartered Company, did you not, for an infringement of your patent?—After about a year, when I found they were using it.

2981. You had had a full opportunity during the time you were referee of seeing everything connected with their works, had you not?—Yes.

2982. While you were a referee you took out the patent?—Yes.

2983. After you had ceased to be a referee you brought an action against them for an infringement of your patent?—Yes, because I found they were using it.

2984. How is the action now; when did you begin it?—Am I to tell you; I will tell you if you like.

2985. Yes; when did you begin it?—About two years ago; it is really nonsense. The judge (Vice-Chancellor Bacon) said it was a barefaced attempt at delay on the part of the Chartered Company. That is the latest information about it.

2986. In what stage is this action now?—I hope at its last.

2987. Have you got a verdict?—No.

Re-examined by Mr. Cripps.

2988. As to this burner; the burner of 1860 was specified and described in the Act of Parliament?—It was.

2989. Then consistently with the words by which it is described in that Act, it might have been a burner of various kinds?—Yes.

2990. It was not sufficiently described?—No.

2991. It might have been a good burner or a bad burner?—Yes.

Sir Edmund Beckett.] He told me he knew nothing about 1860.

Witness.] I know the burner.

2992. *Mr. Cripps.*] You were appointed, and your testings were with reference to the companies that were under the subsequent Act?—Yes, the Acts of 1868 and 1869.

2993. The alteration in the Act of 1868 was, was it not, that instead of a burner being prescribed and described in the Act of Parliament, the referees

who

who were for the first time appointed under the Act of 1868 had to prescribe a burner?—They had.

2994. And that was the first time that the question of the burner had to be considered by the referees?—It was.

2995. What was the year in which you prescribed the Sugg-Letheby burner as the burner?—That was before our time.

2996. That was the burner adopted by you as referee in the first instance? No; the Sugg-Letheby was the burner in use when we came into office, and we adopted the Sugg-London.

2997. You mean you adopted for the first time as your first burner, when you became connected with the matter, the burner which is now proposed to be the test burner?—Yes.

2998. The intermediate burner had been introduced before your time?—Yes.

2999. It would be quite indifferent to the consumer what the burner prescribed as the test should be, if it is understood by the referees, and the gas is tested as being of a particular quality by that burner?—I do not quite follow you; it would be of no consequence to the consumer what burner is fixed as the standard, provided that the price is fixed along with it.

3000. Provided that he gets for a certain price gas tested in a certain way, and thereby a certain quality?—Yes.

3001. When he gets the article he may use it in any burner?—Yes.

3002. But he gets what he pays for; that is to say, 16-candle gas at a particular price?—Yes.

Mr. George Wilson Stevenson sworn; Examined by Mr. Cripps.

3003. You are an Engineer at Great George-street, Westminster?—I am.

3004. You have been in practice for 30 years, and have had large experience in the construction and management of gas works?—Nearly 30 years.

3005. I believe you have been applied to as adviser by several companies and by corporations?—Yes, a good many.

3006. Have you also been engaged in those inquiries that have taken place in Parliament and before the Commissioners, inquiries affecting the supply of gas to the metropolis since 1860?—Yes; in all of them.

3007. You were a witness in 1868 in that inquiry which led to the passing of the City of London Gas Act of 1868?—Yes.

3008. I believe you were a witness in those inquiries that took place with reference to the price of gas before the Board of Trade?—Yes.

3009. Sometimes for one party and sometimes for another, I believe?—Yes.

3010. You stated that you were a witness on the inquiry that resulted in the Act of 1868; at that time there were three companies supplying the City of London, were they not?—Yes.

3011. The Great Central, the City of London, and the Chartered?—Yes, the Great Central and the City were confined to the City; the Chartered Company supplied the City and a portion of the metropolis beyond.

3012. To follow that out; after the Act of 1868 the Chartered Company absorbed the Great Central and the City of London, and then became the sole company supplying the City?—After the Act of 1868.

3013. Did they in 1871 further absorb the Equitable Gas Company?—Yes.

3014. In 1872 did they absorb the Western Gas Company?—Yes, they did.

3015. There is one other matter I wish to ask you about; in 1868 you knew the London Gaslight Company applied to Parliament for power to raise money?—They did.

3016. Are you aware of that fact which I mentioned to the Committee that a clause was put into their Bill, subjecting them to the provisions of subsequent Acts, if any four companies should be put under those provisions of subsequent Acts?—Yes, the Duke of Buckingham, who was in the chair, said that he did not like to alter the general legislation of 1860; but he said in case four or more metropolitan companies came to Parliament and had the illuminating power, or price, or purity, or pressure of the gas altered, that the London Gas Company should be subject to the average of those four companies.

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3017. That

Mr.
R. H. Patterson.
9 June 1875.

Mr.
G. W. Stevenson.

Mr.
G. W. Stevenson.
9 June 1875.

3017. That is the way in which the London Gaslight Company's obligations or privileges exist at the present time?—Yes.

3018. Whether the four companies have yet applied, or whether only three have applied, is a question I will not trouble you with at the present time; the way in which the Chartered Company was placed under those regulations of the City of London Gas Act, was by a clause which made them subject to all the provisions of the City of London Gas Act, which had been passed separately?—yes; the City of London Gas Act was incorporated in their Act by a special clause.

3019. At the same time, in supplying all their district outside the City, they were made subject to the same regulations as they were under in supplying the City?—They were.

3020. The consequence of that is, that the whole of the Chartered Company's district, whether within or without the City, at present is regulated entirely by the City of London Gas Act, 1868, which they were made liable to?—Yes.

3021. In the following year there were two companies, the Imperial and the South Metropolitan, both of which applied to Parliament for power to raise money?—Yes.

3022. That was in 1869?—That was in 1869.

3023. The question was considered by Parliament whether they should be made subject entirely or in part to the same provisions which the Chartered Company had been made subject to in 1868?—Yes.

3024. And was the result of that that they were made subject to those provisions with two differences?—Yes.

3025. One being that their gas should be a 14-candle gas instead of a 16-candle gas?—Yes.

3026. And the other being, so far as the Imperial Company was concerned, that they might have a reserve fund of a certain amount?—Yes; and there was a further difference, that the South Metropolitan maximum price was fixed at 3 s. 6 d. instead of 3 s. 9 d.

3027. The Imperial's maximum price being fixed at the same time as the Chartered Company's price had been, 3 s. 9 d.?—Yes.

3028. In addition to that reserve fund which was allowed them in that Act, they had what has been called an insurance fund, that could be resorted to in case of any extraordinary accident?—

3029. The South Metropolitan Company were allowed to have that insurance fund, but no reserve fund besides?—That was so.

3030. The South Metropolitan had a certain amount of reserve fund available at the time they applied to Parliament?—Yes.

3031. And that they were allowed to continue till it was exhausted, but after that it was not to be filled up again?—They only were authorised to continue it as a reserve fund till it was reduced to 20,000 l., when the 20,000 l. was to become an insurance fund.

3032. And therefore the result is that by the legislation of 1869, though the Imperial Company had a reserve fund which they might always for the future keep up to the amount of 80,000 l., that was not allowed to the South Metropolitan?—No.

3033. The clauses of the South Metropolitan Company's Act, 1869, are 12, 13, and 14?—They are.

3034. After directing that the money might be set aside to form an insurance fund, the 14th section goes on to say, "If the clear profits of the undertaking of the company in any year amount to a larger sum than is sufficient to make a dividend at the rate of ten pounds per centum per annum, and to form or make up the insurance fund by this Act authorised, the excess shall be carried to the credit of the divisible profits of the undertaking for the next following year"?—Yes.

3035. Therefore there is nothing to be taken to any reserve fund other than the insurance fund?—No, there is a proviso at the end of the section before that as to the reduction of the reserve fund to 20,000 l. for the purpose of forming an insurance fund.

3036. That is that the profits, if they exceed a certain amount, are to be invested and form an insurance fund, "which sum shall form an insurance fund to meet any extraordinary claim or demand which may at any time arise against

against the company from accident which due prudence and management on the part of the company and its officers could not have prevented; and if such fund be at any time reduced, it may thereafter be again made up to the said sum, and so from time to time, as often as such reduction shall happen, provided that when and so often as the said fund shall reach one-twentieth part of the paid-up capital, the interest thereon shall be carried to the credit of the fund available for dividend. Provided that it shall not be lawful for the company to set aside any profits for the purpose of forming an insurance fund until the reserve fund which they have created by virtue of the Acts relating to the company has been reduced below a sum equal to one-twentieth part of the paid-up capital of the Company, but such reserve fund shall in the meanwhile be applicable to the purposes for which it was formed, and also to the purposes of the insurance fund"—Yes.

3037. In that year, 1872, the Chartered Company obtained powers to raise a further capital of 1,000,000 *l.*?—Yes.

3038. That new capital was allowed to be capital bearing interest at 10 per cent.?—Yes.

3039. And that new capital fell under the same provisions as the old capital with reference to the revision clauses which had been put into the Act of 1868?—Yes.

3040. In other words, there was the same guarantee by the machinery of the Commissioners for their being secured in their 10 per cent. upon the new capital as there had been with reference to their old capital?—Yes.

Chairman.] Was not the capital which was not to obtain a 10 per cent. dividend for a certain number of years?

Mr. Cripps.] That was the 1,000,000 *l.* which they obtained in 1872.

Witness.] There was an option to make it 5 per cent. preference stock for 5 years, after which the shareholders could elect to have it become ordinary stock at 10 per cent.

Mr. Cripps.] Practically it was issued as ordinary stock, to which the 10 per cent. dividend was to apply after a certain number of years. Half was issued at 5 per cent. for the first five years, and then it was to become ordinary stock at 10 per cent.

Chairman.] The other half is not issued.

Mr. Serjeant Sargood.] No, it has not been issued.

3041. *Mr. Cripps.*] But whatever of that new capital is issued, and whatever dividend it is to pay, which may be up to 10 per cent., it gets the benefit of the revision clauses just as if it were old capital?—Yes, the whole of the capital is practically guaranteed by the revision clauses.

3042. *Chairman.*] What is the meaning of that answer, "The whole of the capital is practically guaranteed by the revision clauses"?—It is in this way. Under the City of London Gas Act, 1868, if the company anticipate or expect that they will not be able to earn their maximum dividend in any year, they may, in the month of January, apply to have their selling price of gas revised, so as to enable them to earn their maximum dividend, so to distribute their 7 per cent. or 10 per cent. to their shareholders, which I construe into a practical guarantee.

3043. *Mr. Cripps.*] That applied in the result, in the case of the Chartered Company, as well to the new capital which they had the power to raise in 1872, as to the old capital which they had before?—That is so.

3044. There are five companies, are there not, which are still under the legislation of 1860, the Phoenix, the Commercial, the Ratcliff, the Independent, and the Surrey Consumers?—Yes.

3045. And those companies, being under the legislation of 1860, would be still answerable to and controlled by the Home Office?—Yes.

3046. Whereas the other three companies, supplying a larger part of London, would be answerable to and controlled by the Board of Trade?—Yes.

3047. The illuminating power of the gas of those five companies is still under
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Mr.
G. W. Stevenson.
9 June 1875.

the old Act, and is only 12 sperm candles, as measured by the burner prescribed in the Act of 1860?—Yes.

3048. Whereas the others are bound to supply 14-candle gas, and measured by the burner prescribed by the referees at a later date?—Yes, and which may be changed from time to time by the referees.

3049. As to the burners; there is a burner prescribed, so far as it is prescribed, by the Act of 1860; then there is an intermediate burner, and then the burner in use at the present time?—Yes.

3050. If you compared the immediate burner with the burner prescribed in the Act of 1860, what would be the effect of that upon the illuminating power?—It would give two candles greater illuminating power for the same gas.

3051. Supposing you tested it by the further improvement which has been made, and which is the burner now in use, what would be the effect then upon the illuminating power?—It would give a further 2 candles or 4 candles altogether over and above the value of the gas, as determined by the burner of 1860.

3052. Comparing the two periods of 1860 and the present time, there would be 4 candles difference if tested by the different burners?—Thereabouts.

3053. *Chairman.*] We are to understand that the 12 candles prescribed by the Act of 1860, applying to those companies which were under the Act of 1860, is in reality the same as the 16 candles prescribed to the Chartered Company under the present burner that is used?—Precisely so.

3054. *Mr. Cripps.*] And as 16 candles would be if prescribed by the Act which we propose?—Yes.

3055. The Act which we propose would make no difference in the new arrangement, as regards the Chartered Company?—Not any.

3056. Neither in name or in theory?—Neither in theory nor in fact.

3057. It would be, in fact, to adopt the legislation for the Chartered Company of 1868 for the whole metropolis?—Yes.

3058. We know the companies that are under the legislation of 1868; you have told us that they are the Chartered, the Imperial, and the South Metropolitan, with the difference which has been mentioned?—Yes.

3059. As a further difference, are the Chartered Company and the South Metropolitan Company entitled to 10 per cent. dividend upon all their capital of 1868, and since?—Yes.

3060. The Imperial Company, on the other hand, though it has been to Parliament since, is only entitled to 7 per cent. dividend upon its new capital?—That is so upon the capital authorised in 1869.

3061. After what was done in 1868, and the full consideration of this matter, do you consider that to leave any of the companies at all under the legislation of 1860 would be to leave them under legislation which may be said now to be obsolete?—I think so.

3062. And to make what you would conceive to be an unnecessary difference between companies supplying gas in the metropolis, both as to price and as to illuminating power?—I think there ought to be no difference at all.

3063. The Act of 1860 was intended, was it not, to secure uniformity to the metropolitan companies?—I conceive that the great merit of the Act of 1860 was that it prescribed uniform illuminating power, price, and purity, throughout the metropolis.

3064. The result has been that at the present time there is no uniformity in price, or power, or as to regulations?—No.

3065. It depends upon whether the companies have been to Parliament since or not?—Yes.

3066. Do you know what portion of the metropolis it is that is supplied by companies that have been to Parliament since 1868, and what portion by those companies still under the Act of 1860?—The Chartered Company have absorbed several companies, and they are under the Act of 1868; the Imperial Company, the light green, north of the map, came to Parliament in 1869, and they are under the legislation of 1868; and the brown and green patch, the South Metropolitan, are under the legislation of 1869, which, practically, incorporates the provisions of 1868.

3067. *Chairman.*] Then there is the question about the London?—Yes.

3068. Mr.

3068. Mr. *Cripps*.] There is the further difference, is there not, that those companies under the Act of 1868, whether wholly or partially, are guaranteed in their dividends by the revision clauses?—Yes.

3069. There are no revision clauses applicable to those companies still under the Act of 1860?—No; till 1868 there was no such thing known as guaranteeing a maximum dividend to a gas company.

3070. You have told us that when the Act of 1868 was passed, and in subsequent inquiries, you had an opportunity of considering the effect of those revision clauses?—Yes.

3071. In your opinion, do those revision clauses secure a certain profit to traders free from all the ordinary risks of a trading company?—Entirely so. I consider that the companies who are entitled to have their price settled in the January of each year at a rate that will give them their maximum dividends for the current year are practically removed from the contingencies of trading companies.

3072. And especially where that security is given them, irrespective of what has been done by them in former years?—Yes.

3073. Does that security, in your opinion, act upon the companies to prevent the operation of the inducement which traders should have to exercise due economy in their business?—I think it does. I think it is a premium on extravagance.

3074. There is in fact no inducement left to them to do anything better than what will produce the 10 per cent. dividend?—Certainly not. On the other hand I think there is a direct inducement to invest as much capital as can be invested in order to get the 10 per cent. dividend; I do not know anything in which capital can be so certainly invested to pay 10 per cent. as in the stock of those companies.

3075. Setting aside any question of fraud, which of course we do not suggest, the ordinary inducement to persons in business would be if they had the opportunity of calling up money for which they could be secured 10 per cent., to call it up?—I think they would be more than human if they did not do it.

3076. You think it desirable, however excellent they may be, that that inducement should not be allowed to continue?—I think so.

3077. Are you aware that applications have been made by some of the companies which have that guarantee for powers to enlarge their operations and invest money in mines and ships and different matters for getting their coals?—Yes, the Chartered Company applied for power to invest money in coal mines and in steam colliers; the coal mines were absolutely prohibited by Parliament; the steam colliers were disallowed the first year, but subsequently the company were allowed to invest a limited sum in steam colliers.

3078. The result would be to allow them to speculate without the possibility of a loss?—It might be an advantageous speculation, or it might not, but certainly they would be secured from loss in any case.

3079. If the matter turned out unfortunate, the consumers might suffer, but the company would still have its 10 per cent.?—Yes.

3080. Assuming you could not show that something was done by them out of the rule of due care and diligence?—Just so.

Chairman.] Was there any application on the part of the companies to become owners of mines or of colliers for any other purpose than supplying themselves with coal?

Mr. *Cripps*.] No.

Chairman.] When you say that it might have been an advantage, you do not mean that they could by any means have got more than their 10 per cent.?

Witness.] No, I mean to say it might have operated to the advantage of the company by enabling them to get coal, and carry it at a less rate than that at which they could buy it in the London market, or at which they could buy it at the pits, and engage freight, or it might have been the other way; at all events there was a margin of uncertainty, which appeared to Parliament to be outside the operations of a gas company.

Mr.
G. W. Stevenson.
9 June 1875.

3081. You say they are practically guaranteed a 10 per cent. dividend under any circumstances, and therefore it would be nothing to them whether the speculation turned out a loss or a gain?—No.

Mr. Serjeant *Sargood*.] We do not get 10 per cent. on our ships, and we never asked to speculate in coal mines; our shareholders disapproved of the idea.

3082. Mr. *Cripps*.] It was contained in the application to Parliament?—It was in the Bill, and the shareholders disapproved of the application.

Witness.] I believe the mines' clauses were struck out before the Bill came to Committee; they were in the Bill as originally deposited.

3083. Mr. *Cripps*.] The result of the application of any capital in any matter of that kind would be that the consumers would be the parties who would bear the risk of whether it turned out well or bad?—That is so.

3084. And the company, over whom the consumers would have no control except through the Act of Parliament, would be secure from any loss?—They would.

3085. If it turned out well it might be good for both parties; if it turned out ill it would be only bad for the consumers?—That is so.

3086. I will not go through with you all the inquiries before the Commissioners, but you know all the facts that took place before the Commissioners?—I was in them all.

3087. And you know the opinion that was given by the law officers?—Yes.

3088. Supposing other matters were equal, the difference between the selling price of the gas supplied by the various companies would be regulated by the authorised amount they required for a dividend?—Yes.

3089. That would, of course, depend upon the amount of their capital?—Yes.

3090. Mainly on the amount of their capital, and also, of course, on the amount of dividend that they might divide upon it?—Yes.

3091. In your opinion, could any investigation of this kind be satisfactory which excluded the question of capital?—I think not.

3092. The question of capital is an important item?—It is a very important item.

3093. In considering the question what could be charged per thousand feet of gas?—Yes, it does not affect the prime cost of gas in the slightest degree, but it affects the selling price of gas just in the ratio of the amount of capital invested for the amount of business done; and it is obvious, other things being equal, that the company with the smallest capital for the amount of business done can afford to sell gas at the lowest rate.

3094. Therefore directly bringing in the question of capital?—Yes.

3095. In fact, what difference does that make in the amount that would be required for dividend as between the different companies?—I have a Table here that will show that.

[*The Witness handed in the following Table:—*]

Mr.
G. W. Stevenson
9 June 1875.

METROPOLIS GAS.—SESSION 1875.

STATEMENT of the COMPARATIVE CAPITALS, &c. of COMPANIES in the METROPOLIS in 1873.

Name of Company.	Total Gas sold by Meter and Contracts.	Paid-up Capital, Share, and Loan at 31st December 1873.	Capital employed per 1,000 Feet sold.	Amount required for Dividend and Interest.	Average Per-centage of Dividend and Interest.	Dividend and Interest per 1,000 Feet sold.	The same, supposing the whole Invested Capital to bear 10 per Cent.
	<i>Cubic Feet.</i>	<i>£.</i>	<i>s. d.</i>	<i>£.</i>	<i>£. s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
Chartered - - -	3,939,549,000	3,763,304	19 1½	299,865	7 10 4	1 6½	1 10½
Imperial - - -	3,509,398,000	3,072,415	17 6	258,598	8 8 4	1 5½	1 9
South Metropolitan -	693,334,000	348,975	10 -¾	34,897	10 - -	1 -	1 -
Commercial - -	782,710,000	450,000	11 6	45,000	10 - -	1 1½	1 1½
Independent - -	487,906,000	252,222	10 4	20,619	8 3 5	- 10	1 -¾
London - - -	993,499,000	855,694	17 2½	64,670	7 11 1	1 3½	1 8½
Phoenix - - -	1,188,781,000	1,027,000	17 3½	83,300	8 2 1	1 4½	1 8½
Ratcliff - - -	186,413,000	115,670	12 4½	10,782	9 6 4	1 1½	1 2½
Surrey Consumers -	377,559,000	283,233	15 -	25,323	8 18 9	1 4	1 6

METROPOLITAN GAS.—SESSION 1875.

STATEMENT of the COMPARATIVE CAPITALS, &c. of GAS COMPANIES in the METROPOLIS in 1874.

Name of Company.	Total Gas sold by Meter and Contracts.	Paid-up Capital, Share, and Loan on 31st December 1874.	Capital employed per 1,000 Feet sold.	Amount required for Dividend and Interest.	Average per-centage of Dividend and Interest.	Dividend and Interest per 1,000 Feet sold.	The same, supposing the whole Invested Capital to bear 10 per Cent.
	<i>Cubic Feet.</i>	<i>£.</i>	<i>s. d.</i>	<i>£. s. d.</i>	<i>£. s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
Gaslight and Coke -	4,167,008,000	3,963,500	19 -	306,998 4 2	7 14 10·9	1 5·6	1 10·8
Imperial - - -	3,604,765,000	3,226,705	17 10·8	261,907 13 5	8 2 4	1 5·4	1 9·5
Commercial - -	824,010,000	450,000	10 11·06	45,000 - -	10 - -	1 1·1	1 1·1
London - - -	1,012,396,000	875,372	17 9·5	65,508 13 8	7 9 8	1 3·5	1 8·7
South Metropolitan	756,622,000	384,751	10 2·04	35,748 10 -	9 5 9·9	- 11·3	- 11·3
Surrey Consumers -	381,354,000	289,995	15 2·5	26,048 3 2	8 19 7·7	1 4·4	1 6·2
Phoenix - - -	1,275,057,000 (approximate).	1,057,000	16 6·9	83,527 12 1	7 18 0·5	1 3·7	1 7·8
Ratcliff - - -	195,384,000	115,670	11 9·25	10,782 - -	9 6 5	1 1·2	1 2·2
Independent - -	Information refused.						

Mr.
G. W. Stevenson.
9 June 1875.

3096. I will ask you a general question about the Table. Is the object of the Table to show how much out of the money received for each 1,000 feet of gas sold would go for the purpose of paying the dividend in each case to each company?—Yes; the first column states the total gas sold by meter and contracts; the second column gives the total paid-up capital, share and loan, at 31st December 1873; the third column states the capital employed per 1,000 feet sold; the next column is the amount required for dividend and interest, the gross amount; the next column is the average per-centage of dividend and interest; the next column is dividend and interest per 1,000 feet sold; and the last column is a column showing what would be the dividend and interest per 1,000 feet sold, supposing all the companies had 10 per cent. bearing capital, as the South Metropolitan and Commercial have. I believe the South Metropolitan average is now 9 *l.* 5 *s.* 9 *d.* There are two years given, 1873 and 1874. If you will look at the last column in the Paper for 1874 you will see that the Chartered Company, supposing all their capital was at 10 per cent., would require 1 *s.* 10·8 *d.* per 1,000 feet sold to pay their dividend.

3097. You mean if they were in the same position as the Commercial?—Yes, the Commercial Company actually require 1 *s.* 1 *d.*, and the South Metropolitan require 11½ *d.*; so you see in a moment how important this question of capital is in regard to the selling price of gas, because the Gaslight and Coke Company, if all their capital was 10 per cent. capital, would require 1 *s.* per 1,000 feet more than the South Metropolitan, and 11 *d.* more than the Commercial.

3098. *Chairman.*] In five years time, this 500,000 *l.* of the Chartered Company will have grown from 5 per cent. to 10 per cent. ?—Yes.

3099. *Mr. Cripps.*] Therefore, when you come to deal with the price of gas, and exclude the question of capital, you are in fact dealing only with the difference between, we will say (taking the Chartered Company), 1 *s.* 10 *d.* and 3 *s.* 9 *d.*; the 1 *s.* 10 *d.* must come out of the 3 *s.* 9 *d.* first?—Yes.

3100. And, therefore, all the other inquiry resolves itself into what you have got left of the 3 *s.* 9 *d.*, after the 1 *s.* 10 *d.* is taken out of it?—Yes, the Commissioners excluded the question of capital altogether; they considered that they were not entitled to go into the question of capital, though, as we say, it forms a very important element in the selling price of gas.

3101. That is the Commissioners, assuming them to be right, could only deal with 1 *s.* 10 *d.* out of the 3 *s.* 9 *d.*?—Whatever it cost the company to make the gas, and to distribute it, quite irrespective of dividend; there was no inquiry into the judicious or injudicious expenditure of capital.

3102. *Chairman.*] Or rather into the necessary or unnecessary expenditure of capital?—Yes.

3103. It might be judicious in one sense?—Undoubtedly; I was looking at it from a consumer's point of view.

3104. *Mr. Cripps.*] When a gas company goes to Parliament, asking for an additional sum of money that is not given them upon any works then actually about to be constructed, but on a general estimate of what would be required for the next 10 or 20 years?—Yes, they may be constructing works at the time they are in Parliament, but the capital is given them, generally speaking, so as to carry them over 10 years.

3105. The capital is not given then simply for something which they show is then being done, but for what they estimate as the probable expenses in the course of say, 10 or 15 years?—Yes, more often than not. The company's capital is doubled on the supposition that the expenditure would be doubled in 10 years.

3106. If a company came to Parliament, and showed that during the last 10 years it had used a certain amount of capital, they would calculate that they would require for the next 10 years the same amount, and Parliament would give it them?—Yes; there are disturbing influences in special cases. Some companies have doubled their capital in two years, and doubled it again in two more; but, as a rule, gas companies double their capital in about 10 or 12 years, and they get what will carry them through that 10 or 12 years.

3107. What they ask for is based on an estimate which they themselves have the power of forming, and which they lay before Parliament, of the probable future expenses?—Yes.

3108. To

3108. To prevent the necessity of their coming within a few years for the purpose of raising more capital?—Yes.

3109. That being given them to carry them over a certain number of years, there is nothing to prevent them calling up the whole of it at once?—Nothing at all.

3110. One of the metropolitan companies, which had got from Parliament the power to raise 1,000,000 *l.*, on the idea that in the course of 15 years they would require that 1,000,000 *l.*, might call it all up the next day at 10 per cent.?—They might do so as soon as the shareholders met.

3111. And if they thought at the beginning of any year that they could not pay 10 per cent. upon it, they might call upon the Commissioners to give them 10 per cent. consistently with due care and management?—Yes, there is a little difference in these Companies' Acts. One of the Acts entitles them to a price which would pay a maximum dividend upon all the capital actually expended, as well as called up; the other does not use the word "expended."

3112. In one of the Acts the words are, "called up and expended"?—Yes; in the Chartered Company's Act the words are, "called up and expended;" in the Imperial it is simply, "called up."

3113. *Chairman.*] Do you think that makes any practical difference in the result?—I think it does; it must do, because the company might keep a large floating balance of capital upon which they would be entitled to their 10 per cent. dividend.

3114. *Mr. Cripps.*] The question of how much floating capital, for instance, is required to carry on the business of any particular company would be mainly a question determined by the evidence of their own officers of the way in which they conducted their own business?—Yes.

3115. If they could make it a very large floating capital it would be paid up though not expended.

3116. *Chairman.*] Would the balance in the bank not be considered as capital expended?—No, I presume not. I quite admit the propriety of a company being entitled to its dividend upon floating capital, and that floating capital ought to be share capital.

3117. Surely some balance in the bank would be considered to be necessary in carrying on the business, and therefore would be considered as an expenditure of capital?—Yes.

3118. *Mr. Cripps.*] It is a question of amount?—Yes; usually the required working capital of a gas company is one-third of the annual expenditure.

3119. There might be cases where a very large call had been made just prior to when the revision would take place?—Yes.

3120. And which capital of course could not then have been expended on any works?—No; it could not have been turned to any profitable account.

3121. Is there any further observation that you have to make about the table that you have put in?—I think not.

3122. Have you considered fully the question of what the proper initial price would be, and whether 3 *s.* 9 *d.* per thousand, which we provide as our initial price, is sufficient to enable the company to divide its maximum dividend with due care and management?—Yes, I think 3 *s.* 9 *d.* for 16 candles in the metropolis is sufficient to enable the companies, with a moderate capital, and in a normal state of things, to divide their maximum dividends, and it is enough to enable the Chartered Company, which has the largest amount of capital of any company, in a normal state of things, to divide its 10 per cent. dividend.

3123. *Chairman.*] If that be the case, it must be more than enough for some companies?—A great deal more than enough.

3124. *Mr. Cripps.*] In fact it is more than some of the companies are charging, is not it?—Yes, a good deal more.

3125. The South Metropolitan, for instance, only charge 3 *s.*?—I think they charged 3 *s.* throughout the whole of the coal panic.

3126. *Chairman.* I think I gather from what you said with regard to the burners, that, practically, we may consider that all companies are supplying the same illuminating power now?—No, they are not actually supplying the same

Mr.
G. W. Stevenson.
9 June 1875.

Mr.
G. W. Stevenson.
9 June 1875.

illuminating power now. The three companies under the legislation of 1868 and 1869, the Chartered Company, the South Metropolitan Company, and the Imperial Company, are practically supplying the same illuminating power. They are all supplying gas above 16 candles.

3127. What I understood you to mean was this, that the burner prescribed to the Chartered Company does really only require them to produce the same gas as the 14-candle gas in the case of the Imperial Company?—Yes, and as the 12-candle gas in the Act of 1860, measured by the burner then known.

3128. Then am I not right in saying that the legal requirements of illuminating powers for all the companies are alike?—I am afraid that in that last answer I have unintentionally misled you; it is not so. You asked me if the burner prescribed by the referees gives 16-candle illuminating power for both the Chartered Company and the Imperial Company. They do practically give the same illuminating power, but one is 14 candles maximum and the other is 16 candles maximum, and there is that difference if they choose to take advantage of it. They do not take advantage of it; the Imperial Company do actually supply 16-candle gas as measured by that burner by which the Chartered Company's gas is measured.

3129. As regards the other companies under the Act of 1860, they are under the burner which was prescribed in the Act of 1860, that obliges them to give what, under the Chartered Company's burner, would produce 16-candles gas?—That is so.

3130. There is no difference at any rate between the companies under the Act of 1860 and the Chartered Company; I mean, they are required by law to do the same thing?—

Witness.] The point resolves itself into this, that if the companies who are still under the Metropolis Gas Act of 1860, are supplying a lower illuminating power than 16 candles, as measured by the present burner, they are supplying less illuminating power than they ought to do as prescribed in their Act.

3131. Mr. *Cripps.*] Subject to the question we had before about variations which there may be, and the uncertainty of the test burner prescribed in the Act of 1860?—Yes.

3132. Mr. *Bristowe.*] With reference to the answer which you gave to the Chairman, Sugg's London Argand would not fall within the definition in Section 25 of the Act of 1860?—No; Sugg's London Argand has 24 holes, and has not a 7-inch chimney.

3133. Mr. *Cripps.*] As between the Chartered Company, the Imperial Company, and the South Metropolitan Company, tested in the same way, there is a difference by the Act of Parliament of two candles?—Yes; practically there is no difference; but if the Imperial Company and the South Metropolitan Company chose to take advantage of it, they could supply gas two candles less than the Chartered Company do, because their gas is tested by the same burner; they do not do so; they give the consumers the benefit of the two candles.

3134. Mr. *Bristowe.*] They work up to the same standard as the Chartered Company?—Yes.

3135. Mr. *Cripps.*] Subject to this, they would not be liable to penalties in supplying 14 candles, whereas the Chartered Company would be?—That is so.

3136. You stated just now that the South Metropolitan in fact charged 3 s.; did they charge 3 s. during the time of the coal panic?—Yes; they only charged 3 s. because they had a reserve fund which enabled them to tide over that time.

3137. Supposing that they had not had a reserve fund, or any fund of that kind to resort to, then what price must they have charged in order to have divided 10 per cent. dividend?—Three shillings and twopence halfpenny.

3138. Setting the question of reserve fund out of the case altogether, the South Metropolitan's charge in the panic time would have been 3 s. 2½ d.?—Yes.

Chairman.]

Chairman.] We heard that it was not termed a reserve fund; it was the surplus over a reserve fund of 20,000 *l*.

Mr. G. W. Stevenson.

9 June 1875.

Mr. Bristowe.] Which they had at the time of the application for the Act.

3139. *Mr. Cripps.*] However, the result is they could have divided 10 per cent. if they had charged 3 *s.* 2½ *d.* at that time?—Yes.

3140. At that same time, what was the Independent Company charging?—I think there was a table put in showing what each of those companies charged. The Independent were charging 3 *s.* 6 *d.*

3141. It was 3 *s.* 2 *d.* for a time, I think?—In 1873 they charged 3 *s.* 2 *d.* up to Midsummer, and 3 *s.* 6 *d.* afterwards.

3142. The Ratcliff Company?—The Ratcliff Company charged 3 *s.* 9 *d.* throughout the whole of the panic.

3143. And paid its maximum dividend of 9 *l.* 6 *s.* 4 *d.*?—And paid its maximum dividend of 9 *l.* 6 *s.* 4 *d.*

3144. During the same time the Commercial Company charged how much?—Four shillings.

3145. And subsequently?—They charged 4 *s.* throughout.

3146. Have not the Commercial come to 3 *s.* 9 *d.*?—I am not sure whether they have; I think they are now charging 3 *s.* 9 *d.*

3147. And with that price did they pay 10 per cent. upon the whole of their capital?—Yes.

3148. Without the aid of any small dividend upon borrowed money?—Yes.

3149. Was it only those companies which had capitals in excess of the other companies that had to resort to the Commissioners to get their price raised?—That was so.

3150. You are thoroughly conversant with the manufacture gas, and therefore I ask you this question: after setting apart so much out of the price for the payment of dividend, is the remainder which is left, if the price charged be 3 *s.* 9 *d.*, an amount which ought to cover and could cover all the ordinary expenses of manufacture?—It is so.

3151. Do you find it does so from the books we have taken as tests?—Yes; these books are analyses of the London gas companies' accounts, as certified by the auditor and presented to Parliament, and they are accepted on both sides.

3152. Can you, by those books, give an answer to the question I have put to you, speaking of ordinary years?—Take the year 1871, page 16, the last column, taking the total cost of coals and working expenses, which include everything except dividend for the South Metropolitan Company, it is 1 *s.* 11½ *d.*; then taking the Chartered Company, which has the largest capital, 1 *s.* 5½ *d.*, or 1 *s.* 5½ *d.* is required to pay their dividend; knock off a third of a penny in the cost, and call it 1 *s.* 6 *d.* for dividend and interest, and we have 3 *s.* 5 *d.* for the selling price of gas, and 4 *d.* to carry to the reserve fund.

3153. That is assuming that they worked as cheaply as the South Metropolitan?—Yes and sold as much gas per ton of coal. In connection with that you must refer to the cost of coal on page 14, which in that year, 1871, was 14 *s.* 1¼ *d.* a ton; the Chartered have contracted, as we have heard, for a supply at 14 *s.* 6 *d.* a ton; there is very little difference between 14 *s.* 1¼ *d.* and 14 *s.* 6 *d.*; it would make a halfpenny a thousand feet difference.

3154. We are speaking now of any ordinary year?—Yes.

Sir Edmund Beckett.] Are you right about 14 *s.* being the price of coal in the case of the Chartered. I see it is 16 *s.*

Witness.] I was taking the South Metropolitan.

3155. *Mr. Cripps.*] Did the coal used by the Chartered in 1871 include cannel coal?—They required cannel for their cannel gas, which brought up the price to a great deal more; we are now talking about common gas not cannel gas.

3156. Do the Chartered Company make any but common gas now?—Yes.

3157. Do they make the same quantity of cannel gas as they did in 1871?—No; the whole of the western district is now supplied with common gas.

3158. I call your attention to that figure which stands at 16 *s.*, that my

Mr.
G. W. Stevenson.
9 June 1875.

learned friend alludes to; 16 *s.* is the price per ton against 14 *s.* of the South Metropolitan; is that explained by the fact that some of that would be cannel coal?—Yes, a very considerable proportion. Now I turn to page 2. In the year 1872 the cost of coal to the South Metropolitan was 16 *s.* 7 *d.* a ton, which is considerably higher than the Chartered Company have contracted for for the coming year. If you go on to page 4 in the same year, you will see that the cost of coals, less residuals, together with all working expenses, comes out at 2 *s.* 15th of a penny per 1,000 feet; taking the 2 *s.* and the 1 *s.* 6 *d.* that they still require for dividend, we have 3 *s.* 6 *d.*

3159. You take the working expenses of the South Metropolitan with the charge for dividend of the Chartered Company?—Yes; the Chartered Company, with their facilities, ought to sell a larger quantity of gas per ton of coal carbonised than the South Metropolitan; and if they do not do it, it is want of care and management. In 1873 the value of coke was unduly high; that leaves a margin of 3 *d.* to carry to the reserve fund, if they work with due care and management.

3160. *Chairman.*] You mean, it would give them their 10 per cent. dividend and the 3 *d.*?—It would give them their maximum dividend, and interest upon loans, and 3 *d.* besides; 1 *d.* per 1,000 feet on the sale of the Chartered Company's gas is equal to 17,000 *l.* a year.

3161. *Mr. Cripps.*] Considering the quantity of gas that can be sold, and is sold, by any company in the metropolis, and the population they have to supply, do you consider 3 *s.* 9 *d.* quite a sufficient price to enable them all to divide 10 per cent.?—I do, except in abnormal years.

3162. According to the calculation you have given me, there would be 4 *d.* a 1,000, or between that and 5 *d.*, to go for abnormal years?—Only 3 *d.*, as between 3 *s.* 6 *d.* and 3 *s.* 9 *d.*

3163. You have a margin left over?—Yes, that would be equal to 50,000 *l.* a year.

Thursday, 10th June 1875.

MEMBERS PRESENT :

Mr. Birley.
Mr. Thomas Brassey.

Mr. Bristowe.
Mr. J. G. Talbot.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

Chairman.] WITH regard to what Sir Edmund Beckett said with respect to the time at which any witnesses whom we wish to call should be called, especially alluding to one of the Commissioners, I think that I may state, as representing my colleagues, that we are of opinion that it would be better that the Promoters should thoroughly state their case, and that the opponents should also thoroughly state their case, and that we should hear the case, as far as the Promoters and the opponents are concerned, before we call any witnesses whom we think it desirable to call, in order further to guide our opinion. I find that that is exactly in accordance with what I said before, and I understood it to be accepted by the Counsel on both sides. If you refer to the report of what has taken place before the Committee, you will see that that is so.

10 June 1875.

Sir Edmund Beckett.] Sir, I suppose that these witnesses who are to be called by you are to throw an important light on the question. The natural course would be for the Promoters of the Bill to call all the witnesses who they think could throw any light upon the case. For reasons of their own, they decline to call the Commissioners. I might call the Commissioners, but I should be in this difficulty with regard to them. In the first place, when I make a speech before I call witnesses, I am assumed to know what the witnesses will state. Of course I do, in a sense, know what my own witnesses will state, but I do not know what these gentlemen will state. Do you mean to call the witnesses at the end of the whole case, after the speeches and everything?

Chairman.] Yes.

Sir Edmund Beckett.] Then, sir, I will say no more about it.

Mr. George Wilson Stevenson, called again ; further Examined by Mr. Cripps.

3164. YESTERDAY when we broke off we had just been dealing with the 3 s. 9 d. price. With reference to a point which has been raised in the course of this inquiry as to 16-candle gas, it has been said, as has been said on other occasions, that 16-candle gas requires a considerable amount of cannel gas, which is limited and expensive, and that therefore it is not desirable to have 16-candle gas?—That is not so.

Mr.
G. W. Stevenson.

3165. You remember the point to which I call your attention?—Yes.

3166. It was said that to make 16-candle gas it would require a quantity of cannel coal, which was expensive, and that therefore to put 16-candle gas as the illuminating power is putting it needlessly high and needlessly expensive; that is the argument. Does it, in fact, require any considerable quantity of cannel coal for the purpose of making 16-candle gas?—It does not.

3167. What proof have you, and how can you show what quantity of cannel gas would be required to make 16-candle gas?—I take the Chartered Gas Company's returns, supplied in answer to queries on the revision of last year, at

Mr.
G. W. Stevenson.
10 June 1875.

page 242 in the Revision Inquiry of last year, and I find that from the Blackfriars station the engineer supplied to the district 16-candle gas all over when he was using 660 tons of cannel as against 25,842 tons of common coal; that is in the proportion of 2·6. At Blackfriars the manager managed so well that he was able to supply the district with 16-candle gas, using only 2½ per cent. of cannel. Then we have it in evidence this year from Mr. Livesey that he practically does not use cannel gas at all. He did use, I think, some 300 tons of cannel, or something of that kind, during last year, and he maintained a supply of 16½ candles in his district, which is a very scattered one, throughout the whole of the year.

3168. *Chairman.*] But are you of opinion that the illuminating power in the Blackfriars district was quite equal to that in the other districts?—It was; the company did not come under any penalty.

3169. *Mr. Cripps.*] It would appear from the Return to be up to the 16 candles, as prescribed?—Yes, 16 candles all over.

3170. *Chairman.*] But your not coming under the penalties does not absolutely prove it?—I think that we have shown that at Beckton the gas is above 16 candles. If this is a fact then the official testing would show above 16 candles as compared with other places.

Mr. Cripps.] If the testing showed less than 16 candles the company would not be liable.

Chairman.] That is what I mean. I think that the average at Beckton would be admitted to be above 16 candles, and, therefore, we come to the conclusion that cannel makes little difference. I should like to know whether the average at Beckton was above or below that at other stations.

3171. (To the *Witness.*) I dare say that you have not done that?—No.

3172. *Mr. Cripps.*] All that you know is that the illuminating power at Blackfriars is to be 16 candles?—Yes.

3173. And, therefore, you are bound to see what quantity of coal was consumed at Blackfriars, and to see what quantity of cannel is required to raise the illuminating power up to 16 candles?—Yes.

3174. The 16 candles is to prevent the company being liable to a penalty?—Yes; the quantity of cannel used in proportion to common coal at their different stations is very various; it varies from 11·2 per cent. to 12, and the average of the whole is 5·24.

3175. Does that include the Kensal Green station, where the cannel gas is made?—No, I have excluded that.

3176. Taking the whole of their stations at which common gas is made, and putting them all together, do you arrive at the result that the cannel coal used is only 5 per cent. as compared with common coal?—It is 5½ per cent.

3177. And you find that at Blackfriars it is only 2½ per cent.?—Yes; at Beckton where the bulk of the gas is made it is 5·4.

3178. They deliver all that as 16-candle gas under a penalty, the same as is prescribed by the Act?—That is so.

3179. Have you calculated how much the increased cost of cannel coal, assuming it to be 2½ per cent., would increase the price of gas per 1,000 cubic feet?—A fraction over 1 d.

3180. Taking the average of the whole, and supposing it to be 5 per cent. of cannel coal, how much would be the increased cost of the cannel coal?—It would come under 1 d.

3181. So that under no circumstances where upon the average you take the lowest, and the best managed works, could you ever increase the price more than 1 d.?—No.

3182. There is in the proposed Bill a provision that there shall be no higher price than 3 s. 9 d., and there is a provision to diminish the dividend if the company make a higher price?—Yes.

3183. Twopence extra in price would reduce the dividend 15 s. per cent.?—Yes.

3184. And 5 s. is the whole of the penalty imposed upon the company for every penny which they may ask as an increased charge for the gas?—Yes.

3185. Within your knowledge, is it an entirely new idea, which is introduced

by this Bill for the first time, or to your knowledge have there been other cases of legislation in which that principle has been recognised?—In the Act regulating the supply of gas to Sheffield in 1866, it is prescribed that an increasing dividend is to make a reducing price.

Mr.
G. W. Stevenson.
10 June 1875.

3186. Sir *Edmund Beckett*.] Have you that Act here?—Yes. Experience has shown that an increase of the rate of dividend having an effect upon the general charge for gas has worked beneficially for the public, and it is expedient that in order to induce the company to extend themselves, they should make a reduction in proportion to the reduction of their general charge for gas supplied by them. Then the 10th section of the Sheffield Gas Act prescribes the rate of profit to be divided among the shareholders in any year upon the shares to be created under the powers of that Act. “The rate of 7 *l.* in the hundred by the year on the amount from time to time paid upon such shares so long as the company’s general charge for gas shall exceed 3 *s.* 3 *d.* per 1,000 cubic feet”; the prescribed rate of profit is to be divided among the shareholders. “The rate of 7 *l.* 10 *s.* in the hundred by the year so long as such general charge shall exceed 3 *s.* but not exceed 3 *s.* 3 *d.* per 1,000 cubic feet. The rate of 9 *l.* in the hundred by the year so long as such general charge shall exceed 2 *s.* 9 *d.* but not exceed 3 *s.* per 1,000 cubic feet, and the rate of 10 *l.* in the hundred by the year so long as such general charge shall be at or under 2 *s.* 9 *d.* per 1,000 cubic feet.” There is then the West Ham Act in the year 1869, Section 11, of which says, that “Notwithstanding anything contained in the 29th section of the said Act of 1856” (that is a previous Act of the company) “from and after the passing of this Act the prescribed rate of the profits to be divided amongst the shareholders in any year upon the ordinary shares of the company shall be as follows: that is to say, The rate of 7 *l.* 10 *s.* in the hundred by the year on the amount from time to time paid upon such shares so long as the company’s maximum charge for gas within their district to ordinary private consumers shall be 4 *s.* 6 *d.* per 1,000 cubic feet. The rate of 8 *l.* in the hundred by the year so long as such maximum charge shall not exceed 4 *s.* 3 *d.* per 1,000 cubic feet. The rate of 9 *l.* in the hundred by the year so long as such maximum charge shall not exceed 4 *s.* per 1,000 cubic feet, and the rate of 10 *l.* in the hundred by the year so long as such maximum charge shall not exceed 3 *s.* 9 *d.* per 1,000 cubic feet.”

3187. Mr. *Cripps*.] Were you concerned in those Acts, or either of them?—In the Sheffield Act I was concerned.

3188. How came it to be so low as 2 *s.* 9 *d.* in order to make 10 per cent.?—They are able to make gas very cheaply. They have a large demand for coke; it is required for braizing. I do not think that they have ever got down to 2 *s.* 9 *d.* in Sheffield.

3189. Then the effect of those clauses is that, if anything abnormal occurs, the loss is divided between the maker and the consumer?—Yes. There is a direct inducement there to the vendor to get the selling price as low as possible.

3190. Mr. *Brassey*.] Can you state what guarantees are provided as to quality in those cases?—There is a prescribed illuminating power and purity in each case.

3191. Sir *Edmund Beckett*.] Can you tell us what they are?—I do not think that they are mentioned. In the case of West Ham, the company are regulated by a previous Act.

3192. Speaking generally, there is a regulation as to quality?—Yes.

3193. Mr. *Cripps*.] But you do not know the amount?—I do not. I know the supply and the quality of gas at Sheffield; but what the prescribed illuminating power is I do not know. Speaking from memory, I think that it is 15 candles.

3194. Does it appear to you that this is a right principle as an attempt to introduce into the management and economy by the company itself?—Yes, it is a very good principle.

3195. You have heard what has been said about the 16-candle gas by the modern gas makers, do you agree with the chemists who have been called; in saying that it is the same thing as 12-candle gas by the Chartered Company in 1860?—Yes, and I should like to state that the penalty which the companies would have to pay under this particular Act would be nothing like the amount

Mr.
G. W. Stevenson.
10 June 1875.

which they would otherwise pay. For instance, they make a profit of 52,000 *l.*; but they would suffer a diminution of 15 *s.* per cent., which would only be equal to 23,000 *l.* out of 240,000 *l.*, whereas they would reap a revenue of 52,000 *l.*

3196. In other words, is not it that the loss would fall upon the consumers in a larger proportion than upon the company?—It would be double; the company would reap a revenue equal to double of that which they would have to give up in the shape of a dividend. I have figures here showing the variations of the numbers, if you would like to see them.

3197. We have had them from the other witnesses. I will ask you, generally, whether you concur with what Mr. Heap and other witnesses have said?—Yes; but they do not show how a 15-candle burner, as prescribed by the Act of 1860, may be made to assimilate to the burner prescribed by the referees under the Act of 1868. Perhaps it may be as well to know how all this legislation was brought about. This (*producing a burner*) is the burner which was in use at the passing of the Act of 1860, and this (*producing another burner*) is an argand burner suitable for 14-candle gas; it is a very costly thing.

3198. Mr. *Bristowe*.] Is that made by Mr. Sugg?—Yes, this is a burner made as nearly as possible to come up to the London burner.

3199. Mr. *Cripps*.] What burner do you now propose?—It is this burner with 24 holes instead 15; it is a better burner.

3200. Mr. *Bristowe*.] Is that Sugg's burner?—Yes.

3201. Mr. *Cripps*.] Is that the one which has the cap on?—Yes, it is a cone.

3202. Having once measured the gas, and taken care that a particular quality of gas is supplied for a particular purpose, after that there are matters for the consumer to deal with; he may use any burner which he pleases?—Yes, and there are flat-flame burners which give an illuminating power approximating very nearly indeed to the test-burner fixed by the referees.

3203. But the only object of the test-burner is to see that the article is of a particular quality?—Yes, it is a standard by which the illuminating power is measured.

3204. Sir *Edmund Beckett*.] Do you happen to have one of those flat-flame burners with you?—I have not one of them just now. It is a flat-flame burner suitable for domestic use. It is a most admirable thing.

3205. Mr. *Cripps*.] Before 1870 attention was not particularly called to this question of illuminating power?—No.

3206. Since that time attention has been called to it by the illuminating power being put into an Act of Parliament?—Just so. There was no special prescription in the Act of Parliament up to that time.

3207. The illuminating power is a question to which the attention of chemists and of gas engineers has been directed, and it has been particularly directed to it of late years?—Yes.

3208. There is another point to which I wish to call your attention with reference to the possibility of altering the illuminating power within short times, and of raising the illuminating power at a particular testing place within comparatively speaking a short time. Has your attention been called to that matter?—Yes, I gave evidence in the year 1855, I think, in the Birmingham Bill.

3209. And I believe that the question was considered and discussed and experimentally tested?—Yes.

3210. What is your experience of the matter?—That the illuminating power can be changed very quickly; indeed I will undertake to change the illuminating power from Beckton to the first testing station, at 1,000 yards distance, to the extent of two candles in twenty minutes.

3211. Have you had particular experience in other places?—Yes, I was concerned in a large series of experiments which were made in I think the year 1855, at Uxbridge, as to whether the quality of the illuminating power could be changed from the works to the town, and I gave evidence upon it in the Birmingham Gas Bill. The experiments were officially made for that purpose, and I have also done it in my own practice. I have changed the illuminating power as the gas has been going to the town.

3212. Were you conversant with the particular experiment which was stated by Mr. Hedley at page 118 of the evidence in 1866; he there states: "I was called for the Birmingham Corporation, and I then proved that in a quarter of an hour the gas might be altered for five or six miles. I know that it is disputed by Mr. Hawkesley, Mr. Barlow, and Dr. Letheby, but about two or three months ago Dr. Letheby was sent for to test my gas at Uxbridge; it was a good opportunity I thought to convince him, and whilst he was on the works I converted 12-candle gas into nearly 15-candle gas in less than the space of a quarter of an hour. I thought that I could not do better than when I had got him on the spot to convince him"?—Yes.

3213. Then Mr. Hedley was asked at Question 2319: "Do you say that the increased illuminating power depends upon clearing the pipes?" The answer is, "No, we always keep cannel coal in stock to clear the pipes, and having had six hours' notice, and having Dr. Letheby on the works, I wanted to convince him that the illuminating power of the gas could be increased; and I think about three weeks afterwards, when the learned counsel came to the works, in five minutes I raised the quality of the gas by two candles." The next question, which is by the Chairman, is, "Was that at Uxbridge also"?—It was at Uxbridge also. Did you inform Dr. Letheby of the process you were doing it by?—Immediately that he discovered by the photometer that the gas had risen in quality, I suggested to him that he should examine my three gasholders with the valves leading into the gasholders, and the valves leading out into the town, and have all opened. I was not making gas exclusively for him, but the town was receiving the gas which he was then testing." So that the illuminating power was raised not only to convince Dr. Letheby, but for the whole town?—Yes. What he means is that he was not storing it in the holder, but was simply using it as a holder, the gasholder being a comparatively small one, and acting as a governor.

3214. *Chairman.*] It would be interesting to know whether Dr. Letheby was convinced; is there any such statement in the evidence?—No.

3215-16. Mr. *Cripps* (to the *Witness*).] Your experience shows you that the thing can be done?—I know that it can be done because I have done it myself, and I should think that every gas examiner has had to do it at times.

3217. Is there a communication from the gas testing places to the works?—I cannot speak confidently upon that point.

3218. I will read to you the evidence of Mr. Hedley, from which I have already quoted: "You say, as one of the public, that you have not adequate means of testing the gas or compelling the companies to give you good gas?" The answer is: "I have not, and the vestry have not appointed any inspector; and if they had it would have been of no value, for you are bound to give three hours' notice before you can test the gas, and by that time they can make 10-candle gas into 30-candle gas. I gave evidence last Session before the Birmingham Committee upon this question, and the eminent Mr. Hawkesley was the single witness on one side for the gas companies. I was called for the Birmingham Corporation, and I then proved that in a quarter of an hour the gas might be altered for five or six miles." Is it so, that an alteration can be made at that distance from the works in that time?—Yes.

3219. "I know that it is disputed by Mr. Hawkesley, Mr. Barlow, and Dr. Letheby; but about two or three months ago Dr. Letheby was sent for to test my gas at Uxbridge. It was a good opportunity I thought to convince him, and whilst he was on the works I converted 12-candle gas into nearly 15-candle gas in less than the space of a quarter of an hour"—

Mr. *Cripps*.] "Do you say that the increased illuminating power depends upon clearing the pipes? No, we always keep cannel coal in stock to clean the pipes, and having had six hours' notice, and having Dr. Letheby on the works, I wanted to convince him that the illuminating power of the gas could be increased; and I think that about three weeks afterwards, when the learned Counsel came to the works, in five minutes I raised the quality of the gas by two candles." He does not say that he had not full notice, but it applies to Dr. Letheby first of all; and Mr. Hedley says that within a quarter of an hour, or within a few minutes, this gas was made of a different quality.

Mr.
G. W. Stevenson.
10 June 1875.

Mr.
G. W. Stevenson.
10 June 1875.

3220. Mr. *Cripps* (to the *Witness*).] I will ask you with reference to the testing, before we leave the question of illuminating power. The testings, as now arranged in the Bill, are to be the average testings taken over a certain number of hours, are they not?—The number of hours is not specified.

3221. At any time, as arranged by the referees, the gas can be tested?—Yes; that is, throughout the day, and the day, as prescribed, is from 9 o'clock in the morning until 9 o'clock on the following morning.

3222. Was not that so under the Act of 1860?—I believe so.

3223. So that the testings might be at any time?—Yes.

3224. And the gas was there prescribed to be of a certain quality, which was increased by the Act of 1868?—Yes.

3225. There is no alteration in the Act of 1868 as different from the Act of 1860, except that under the Act of 1868 they are prescribed, whereas they are general under the Act of 1860?—Yes, and we are reverting to the Act of 1860, the object being to secure a tolerably uniform illuminating power throughout the whole 24 hours. A very large portion of gas is consumed in the City in the day time.

3226. A very large amount of gas is consumed in the day time?—Yes, especially in cellars and in warehouses.

3227. In your opinion, is that alteration desirable in the interests of the consumers?—I think so.

3228. That the quality of the gas should be kept up?—Yes; if the gas was used only in the day for heating purposes, and if it was used at night for illuminating purposes, I could understand keeping on the quality in the day time and at night, but London is quite exceptional as regards gas.

3229. Have you ever had any communication put forward by the gas company to give a supply of an inferior quality in the day, and a superior quality in the night?—No; the journal of gas lighting which represents the gas companies a good deal says that the clause ought not be compelled to increase their illuminating power during the day to a large extent for heating purposes.

3230. Mr. *Bristowe* (to the *Witness*).] When you said that London was exceptional, were you referring to the City of London, or to the Metropolitan area?—I meant my remark to apply particularly to the City, because in the City during the day time even in summer very large quantities of gas are consumed in cellars and warehouses, and places of that kind.

3231. Mr. *Cripps*.] What I asked you was, whether in any of these gas inquiries you had ever heard it put forward, until this day, that the company could legally supply a lower quality of gas?—Never; on the contrary when the companies have come for a revision of their price they have always claimed a price which would enable them to supply the whole bulk of 16-candle gas, but by the Act of 1868 the test of the whole bulk is confined to three or four testings.

3232. At any rate do you think that it is now desirable that that alteration should be made in the interest of the consumers?—Yes.

3233. In your opinion is it desirable that the officer on the part of the Corporation and of the Metropolitan Board of Works should have access to the books of the companies?—I think that he should have reasonable access. It might be limited perhaps to one month before the making up of the accounts. Such a limit might be put, so that the parties should not be taken by surprise.

3234. Of course those accounts are kept as much for the sake of the consumer as for the sake of the gas company?—Yes.

3235. That shows the exact amount of profit made, and of course the consumer is the party who is really interested when the dividend is very small?—Yes, but eventually the accounts come before the public. The company are bound to present the accounts to the Board of Trade.

3236. They are trustees for the consumers?—Yes.

3237. And you think that it is not unreasonable that the consumers, or somebody on their behalf, should have access to the books?—I think so; I am quite sure that such access would not be improperly used.

3238. *Chairman* (to the *Witness*).] Have you read the report of the Board of Trade, signed by Mr. Farrer, to myself as Chairman of this Committee?—I have seen it.

3239. In the postscript to the letter, Mr. Farrer says that Her Majesty's Government desire to call the attention of the Committee to the fact that in a great many towns and provincial districts the difficulty of raising the capital upon the cheapest possible terms has been met by requiring that all new capital should be raised, not by an allotment upon the shares according to the nominal value, but by giving them to the public by auction, so that the consumer can get them at any price over the nominal value; and they add that they presume that the Metropolitan Board can offer to the Committee full information with regard to this matter. Do you know of any information?—I do. I know that in many towns in the provinces the gas companies are compelled by their special Acts to offer all new shares to the public.

[Sir Edmund Beckett.] Will you allow me, Sir, to suggest that “many towns” will not do for this purpose.

[Witness.] I will give you the towns; I have prepared a list of the towns.

[The Witness delivered in the following Paper:—]

METROPOLIS GAS, SESSION 1875.

PRECEDENTS for the Raising of New CAPITAL by the Sale of SHARES at Public Auction.

The following are some, among others, of the Acts in which it is compulsory upon the Companies to raise new Capital by Auction:—

NAME.	Date.	Section.	REMARKS.
Nottingham - - - -	1853	22 and 23	All to be sold by auction.
Ditto - - - -	1858	6 and 7	- ditto.
Scarborough - - - -	1859	8	- ditto.
Swansea - - - -	1861	24	- ditto.
Sowerby Bridge - - - -	1861	24	Half by auction.
Portsea Island - - - -	1861	6 and 7	- ditto.
Reading - - - -	1862	52	All by auction.
Harrogate - - - -	1863	22	- ditto.
Yarmouth - - - -	1863	24	- ditto.
Hertford - - - -	1864	23 and 24	- ditto.
Salisbury - - - -	1864	27 and 28	- ditto.
Chesterfield - - - -	1865	6	- ditto.
Exeter - - - -	1865	30 and 31	Half by auction.
Fareham - - - -	1865	20 and 22	All by auction.
Brighton and Hove - - - -	1866	11 and 12	- ditto.
Reading - - - -	1870	7	- ditto.
St. Helen's - - - -	1870	11	- ditto.
Shipley - - - -	1870	11	- ditto.
Thirsk - - - -	1871	27	- ditto.
Whitby - - - -	1871	28	- ditto.
Bristol - - - -	1873	8	- ditto.
Nottingham - - - -	1873	13	- ditto.
Neath - - - -	1873	12	- ditto.
Newcastle-on-Tyne - - - -	1873	10	- ditto.
Colchester - - - -	1875	—	- ditto.

3240. *Chairman* (to the *Witness*).] Can you give me a list of the several towns in which you are prepared to show that the Gas Companies Acts in those towns have a clause, or clauses, by which it is compulsory upon the companies to put up their shares to auction. Will you give us one of those towns; have you Nottingham, for instance, or Brighton, or some large place?—I am afraid that I have not the Acts here; I must send for them; I see that I have the Gas Acts here for 1866.

3241. There is the Brighton case?—Yes, Brighton and Hove.

3242. Will you read the 11th and 12th sections of the Brighton and Hove Gas Act of 1866?—The 11th section in the Brighton and Hove Gas Company's Act of 1866 is: “The company shall put up for sale by public auction in

Mr.
G. W. Stevenson.
10 June 1875.

lots of not more than two shares each lot, one-half of the shares hereby authorised to be issued"; it is limited to one-half.

3243. That is a mistake in your Table?—Yes: "Provided always, that the reserved price for any share at any such sale by auction shall not be less than the nominal value of the share, and any shares which may not be sold at any such auction may be allotted to such parties as from time to time the directors think fit at a price not less than the nominal value of the share." The next section, namely, Section 12, is "The intention to sell such shares by auction shall be advertised for two successive weeks in two newspapers published in the borough of Brighton, and any sum of money which shall arise from any such sale by way of premium, shall not be considered as profits of the company, but shall be carried to and form part of the reserved fund of the company." These clauses vary a little in some cases; the premiums are carried to the capital expenditure, but do not bear dividend, by which mode the capital is kept down, and that is the mode in which I should suggest individually that the new capital in the metropolis should be treated.

3244. The result of your experience is that by the company not allotting to their shareholders the shares at the nominal price, but selling them in the general market, say a share in the Chartered Company, which I am told is now 180 *l.* as against 100 *l.*, it would enable them to do with a less application of capital than otherwise?—That is exactly the operation of the clauses.

3245. Have you the Acts for 1873?—I must send over to my office for those Acts.

3246. Can you tell me the operation of this provision in any large town?—I can; in the case of Nottingham the company voluntarily offered their shares by auction in, I think, the year 1844 or 1845; and in 1849 they introduced a Bill making it compulsory upon them to sell shares by auction; they came to Parliament again in 1853, and the same provisions were again inserted in that Act, namely, that all the new capital should be raised by public auction; they came again in 1858, and the same provisions were introduced; and in 1873 they came again, and sought to alter those provisions; they sought to revert to the general Act, but Parliament insisted upon the old legislation being continued, and the consequence is, that at the present time, a very large sum of money has been carried to the capital account in the case of Nottingham which cannot bear dividend; I suppose that it is from 60,000 *l.* to 80,000 *l.* The effect of that is that 8 *d.* per 1,000 cubic feet pays the dividend.

3247. What is the limitation in their Act as regards dividend?—They had 5½ per cent. I might as well say that the price of the gas was under 3 *s.* 6 *d.*, and that the revision was 5 per cent.; but I should state that their 25 *l.* shares, carrying 10 per per cent. dividend, had been previously changed into 50 *l.* shares, carrying 5 per cent. dividend; for a 25 *l.* share by auction, they raised 50 *l.*, so that the public investing their money had about 4½ per cent.

3248. Then there was no provision in the special Act saying that if the dividend exceeded a certain sum the price should be reduced?—No.

3249. Was there any provision that if the profits exceeded the 10 per cent. there should then be a reduction?—They are limited to the 5½ per cent.

3250. What was to be done with the profits?—The price of the gas would have to be reduced.

3251. Did they raise further capital?—They did, but since 1873 the gas undertaking at Nottingham has passed into the hands of the Corporation.

3252. Have you heard of any case in which while this was in the provision the result has been that the works have been extended without the raising of capital?—Yes, I know of one case in the town which, I think, you represent.

3253. In the town of Bradford?—Yes, and it is the only one.

3254. It is there supposed by some persons (I do not know with what correctness) that the result of this provision has been that no further capital has been raised, and that, consequently, the extra profits instead of resulting in a reduction of price, will be expended in fresh works?—I believe so in the case of Bradford.

3255. The gas works are now under the Corporation?—Yes.

3256. You know of no other case?—I know of no other case; and I know that the Corporation of Bradford succeeded in purchasing the undertaking for less money than the company had actually expended upon it in the way of capital and other sums.

3257. Will

3257. Will you read the section in the Nottingham Gas Act?—In the Nottingham Gas Act of 1873, the sections are Sections 13 and 14. Section 13 is, "The committee of the company shall cause the additional shares, when and as the same shall from time to time be issued, to be sold by public auction in such manner and at such times and subject to such conditions as the said committee may from time to time determine." Section 14 is, "The intention to sell those shares, or any of them, by auction, shall be duly advertised once at least in two successive weeks in two or more newspapers published in the town of Nottingham, and any sum of money which shall arise upon such sales by way of premium shall be expended in extending or improving the works of the company, or in paying off money borrowed or owing by the company, and shall not be considered as part of the capital of the company entitled to dividend."

3258. Have you the Bristol case?—Yes.

Mr.
G. W. Stevenson.
10 June 1875.

3259. Will you refer to Section 8 of that Act?—This is the Bristol Gaslight Companies Act of 1873, and Section 8 of that Act is, "The Company may, subject to the provisions of Part 2 of the Companies Clauses Act, 1863, relating to additional capital, raise from time to time, by the issue of new shares (which word in this and the following enactments include stock), any additional sum or sums of money not exceeding in the whole 250,000 £. Provided that notwithstanding anything contained in the Companies Clauses Act, 1863, the said shares shall in the first instance be offered for sale by public auction in the city of Bristol, after not less than 14 days' notice of such sale advertised once in not less than two papers published in the said city, and any premium paid for such shares shall be applicable to the general purposes to which the capital of the company is properly applicable, but shall not be entitled to a dividend."

3260. That is the proposal which you individually approve of?—Yes; I ought to say that the Metropolitan Board of Works have not supported this proposition. I do not represent the Metropolitan Board. It is my own individual mode of raising the future capital.

Cross-examined by Sir Edmund Beckett.

3261. First of all, with respect to Nottingham, which I happen to know a good deal about, it was volunteered, I think you said, in the first instance, in 1845?—I think that it was in 1844 or 1845.

3262. And you probably know that, on a subsequent occasion, when the Nottingham Company were before Parliament, it was always proposed that the original bargain should be adhered to?—There was no bargain. I was a resident in Nottingham at the time; I was a pupil of Mr. Hawkesley, and I know all the circumstances.

3263. Did the Nottingham Corporation contend that the original arrangements should be adhered to?—The Corporation contended that what the company had voluntarily done in 1844, and when they got their Act in 1848, should be continued in subsequent Acts; but there was no bargain at all.

3264. In fact, the Corporation always looked upon it as a voluntary arrangement?—They thought that it worked exceedingly well.

3265. But they looked upon it as a voluntary arrangement?—They said that the company had always raised their capital upon those terms, and that they ought to raise their capital in future upon the same terms.

3266. Do you happen to know anything about Nottingham water as well as gas?—I do not.

3267. Do you know that last year the Nottingham Corporation attempted the same thing and failed?—Possibly. I have never known a Gas Act in which the opponents have sought to get the auction clauses and have failed.

3268. Perhaps you do not know the Durham case?—No.

3269. You do not even know that there was a great fight about Durham two or three years ago?—I do remember something about it.

3270. With respect to Brighton it was in 1866; was not there a contest about a new company in 1866 in Brighton?—Yes.

3271. Which new company I believe got its Bill?—Yes.

3272. Did it ever do anything?—No; it could not get its land.

3273. Did it ever get its capital?—It never attempted it, because it had no title to the land; the parties could not convey it.

3274. Then why did not they take compulsory powers?—They did not seek

Mr.
G. W. Stevenson.
10 June 1875.

to take compulsory powers, but they had only power to take land by agreement; they had agreed, but the intending vendors could not give a title.

3275. They might have gone in the next year for land if they could have got the capital, but you know that the company was abortive altogether?—It was abortive altogether.

3276. You were the engineer for them?—Yes; so far as anybody can be called the engineer for an abortive company; I gave evidence for the promoters.

3277. And I suppose that the promoters employed you?—Yes.

3278. And at the same time the old Brighton and Hove Company engaged to sell half their shares by auction; do you know whether that was put upon them by force, or whether they volunteered it?—I do not know.

3279. Do you know that it was put upon them by force?—I do not. I do not know of any company except the Nottingham Company which has ever volunteered these auction clauses.

3280. Do you know the circumstances under which the auction clause was imposed at Bristol, or came into the Bill?—No.

3281. Will you tell me of any case in which it was imposed by the Committee after a fight?—Yes, it was imposed on Shipley after a fight. So far as that goes, it was imposed upon Shipley, which is close to Bradford; they were making some 50,000 feet a year. It was imposed in Thirsk and Whitby, and you know that it was imposed in Nottingham, because you were the counsel there. It was, I think, imposed in Neath; I may not be correct in that.

3282. You have got up this table, and you have not got up the cases?—Yes, this table tells you of all the cases. It was imposed in Colchester this year.

Witness.] All that I know is that the Corporation petitioned, and asked that the auction clauses might be introduced, and they put them upon us, and they were put upon the company.

3283. Sir *Edmund Beckett.*] In the Colchester case did the company oppose the auction clauses?—They assented to their being put in; they said that they would not fight the question. The auction clauses would not have been put into that Act unless the Corporation had petitioned that they might be put in. I advised the company not to fight the question, because I think that the auction clauses are very good indeed.

3284. That may account for the company assenting to them as they did in the Nottingham case, under the advice of Mr. Hawkesley?—Yes.

3285. As to Shipley, was not there a fight between the Shipley Company and another company in 1870?—I do not remember, but I am pretty certain that Shipley had the clauses imposed after a strenuous fight.

3286. As to Thirsk, what was the nature of the company which was there instituted?—How do you mean?

3287. A gentleman and his son had been supplying Thirsk, and they wanted to turn themselves into a company, and they volunteered certain terms, did they not?—They did not volunteer them.

3288. Was the auction clause imposed upon them by the Committee?—Yes, and at Whitby too.

3289. Are you quite sure that the so-called company at Thirsk did not assent to those clauses?—I am quite certain that they did not, for I was for the petitioners against the Bill, and I know the whole of the circumstances. People assent when they cannot help themselves, but that is a curious mode of assenting.

3290. Are you quite certain that at Thirsk they waited until the decision of the Committee was given?—Do you mean on the preamble?

3291. On the preamble, or on the auction clause?—The question was fought.

3292. Did they wait until the decision of the Committee was given on the auction clause, or did they before the decision of the Committee was given say that they would assent to the auction clause?—I do not remember.

3293. *Chairman.*] Were there arguments on both sides?—Yes.

3294. Sir *Edmund Beckett.*] Was there a decision by the Committee upon the auction clause?—I do not remember.

3295. What

3295. What is the story about Whitby?—I have no story to tell about Whitby.

3296. Is there a corporation at Whitby?—Yes.

3297. Did the corporation propose the auction clauses?—Yes.

3298. And did they get them by the decision of the Committee?—They got them, but whether upon their suggestion or not I do not remember. The clauses were objected to by the promoters of the Bill.

3299. For a time?—Yes, they wanted their Bill.

3300. I forget whether you have furnished the Bristol case?—I do not know anything about Bristol.

3301. Is there any other place about which you know the whole circumstances?—I know the whole of the circumstances of Exeter, where half the shares were to be sold by auction.

3302. What were the circumstances of the Exeter case?—There was a very heavy fight, and as far as I remember that was a decision by the Committee.

3303. Do you mean to say that, according to your recollection, it was the decision of the Committee that half the shares should be sold by auction?—Yes; I believe that Mr. Jackson, the Member for Birkenhead, sat as Chairman of the Committee.

3304. *Chairman.*] Was the proposition as half or as to the whole?—They wanted the whole.

3305. *Sir Edmund Beckett.*] Have you any other instance of which you know the circumstances?—Yes; I was in the Yarmouth case; that case was contested.

3306. Was the Yarmouth case contested to the end?—I think so, but I do not remember it distinctly.

3307. Was that as to the auction clauses?—I cannot remember that case exactly.

3308. *Chairman.*] You said that you were giving your individual opinion, and was not speaking on behalf of the Metropolitan Board; did you say that the Metropolitan Board were opposed to this proposition?—I am not prepared to say that they are opposed to it.

3309. Has there been an opinion of the Metropolitan Board against it?—No, I am not prepared to say that.

3310. *Sir Edmund Beckett.*] I suppose that you would describe yourself, any rate, as an engineer who has had large experience of works, and who is fully independent of the companies?—Yes, I am fully independent of the metropolitan companies.

3311. I am not in the least doubting that you have had experience; were you, in point of fact, engaged in the revision against the Chartered Company?—Yes.

3312. Will you explain the legal position of the London Gas Company in 1866; there was a Clause which you mentioned yesterday; will you just read that Clause?—It is the 9th Section of the London Gaslight Act of 1866.

3313. I will read that clause, it is as follows: "If by any Act or Acts hereafter passed relating to any four or more of the 12 other companies, subject to the provisions of the Metropolis Gas Act, 1860, provision be made for reducing the price of gas supplied by any four or more of such companies below that for the time being charged by the company, or for increasing the illuminating power beyond that of the gas supplied by the company, then and in each such case the company shall reduce their price for the same kind of gas to the average of the maximum price to which the four or more other companies are limited, or as the case may be, shall increase the illuminating power of the same kind of gas to the average of the illuminating power of such four or more other companies; and Her Majesty's principal Secretary of State for the Home Department may enforce such reduction in price, or increase in the illuminating power, accordingly in manner provided by the Metropolis Gas Act, 1860"; I want to know what your view of the legal position is?—I do not think that my view is worth much on the construction of Acts of Parliament.

3314. What four companies have been compelled to reduce their price, which for the time being was charged?—The Chartered Company, the Great Central Company, the City of London Company, the Equitable, and the Western.

3315. Is it not the fact that the Equitable Company were out of existence?—Yes, they were absorbed by the Chartered Company.

Mr.
G. W. Stevenson.
10 June 1876.

3316. Was there any other company which had its price reduced?—Yes, the Western Company.

3317. That company in the same way went out of existence?—Yes.

3318. Has there been any other company which has had its price reduced?—No, except by absorption by the Chartered Company.

3319. You have said, as many people have also done, that the object is uniformity, and that you want to adopt the Act of 1868 for the whole of the metropolis; do you think that the Metropolitan Board want to adopt the Act of 1868 for the whole of the metropolis?—I think not: they are promoting a Bill which is in many respects very different from the Act of 1868.

3320. I refer to Question 3057, where the following question was put to you by Mr. Cripps: "It would be in fact to adopt the legislation for the Chartered Company of 1868 for the whole metropolis." Is it the case that you want to adopt the legislation for the Chartered Company of 1868 for the whole metropolis?—Not in its entirety. We want to exclude that which we have found to be inoperative in the interests of the consumers.

3321. Then you want to impose on the whole of the metropolis the legislation of 1868, so far as it is favourable to the consumers, and not to impose it where it is not favourable to the consumers?—No, we are proceeding to accept the legislation of 1868 by incorporating a good many of its provisions, but not the whole of them, and we are giving to the companies something which the Act of 1868 does not include.

3322. Which they do not value?—They ought to value it.

3323. What is this very valuable thing which you propose?—A reserved fund to enable them to divide over a bad year without revision.

3324. Will you tell me in your own way where you did it, and then I will tell you whether you have been successful?—We do it by the manuscript clauses 48 A and 48 B.

3325. Just read Clause 48A, and explain to me how you do it?—Clause 48 A is: "If the clear profits of the undertaking of any gas company in any year amount to a larger sum than is sufficient to make up the prescribed rate of dividend, the excess beyond the sum necessary for such purpose shall from time to time be invested in Government or other securities, and the same shall be added to the reserve or reserved fund (if any) of such Company."

3326. What is to happen if a company is shown to have no funds; the Metropolitan have none?—The South Metropolitan Company have some now.

3327. And the Chartered Company have none?—The South Metropolitan Company are actually earning more than they require for their dividend at the present time.

3328. That has nothing on earth to do with it?—It has everything in the world to do with it.

3329. You know it perfectly well, because Mr. Cripps has said so. Do you say that it is contemplated that after a time the reserve fund of the South Metropolitan Company may cease?—Yes.

3330. When it has ceased can they go to the deficiency fund?—They might immediately go to it. The South Metropolitan reserve fund would form a nucleus for a new reserve fund to begin with.

3331. Supposing that there is no reserve fund at all, then I suppose that these words "if any" come in?—Yes, and then the companies begin to make a reserve fund.

3332. Excuse me. The clause does not authorise anything of that sort?—Then it ought to do so. I do not profess to draw a clause, but that is my impression.

Chairman.] Do not the next words do it?

Sir Edmund Beckett (to the Witness).] However, the Promoters have admitted that it wants altering. Clause 48 A goes on to say, "And the reserve or reserved fund (if any) of each gas company, and the sums from time to time invested under this section shall form a fund to be called the dividend deficiency fund."

Chairman.] The words "and the sums from time to time invested," seem to imply that there may be no fund, notwithstanding that the intention is to incorporate a fund out of the funds of the company.

3333. *Sir*

3333. Sir *Edmund Beckett* (to the *Witness*).] I suppose that you did not draw the clause?—No.

3334. Why should this distinction be kept up, and why should there be two distinct funds. I think there is some device in it?—I presume that the intention of calling this fund the dividend deficiency fund, is to make it more clearly a dividend deficiency fund, because a reserve fund may be applied to a great many things.

3335. Do you not know that the reserve fund is described in many Acts of Parliament as a deficiency fund?—Yes, and also to make up deficiencies of the reserve fund; I believe that the deficiency fund is drawn upon by companies for all sorts of purposes, but I think that it is far better to specify the purpose for which it is to be applied.

3336. Supposing the company has been obliged to raise its price 1 *d.* above the 8 *s.* 9 *d.*, how are they to get any benefit whatever from this Clause 48 A?—In that year they would not, I presume, get any benefit.

3337. Supposing they had one or two such years, and that the whole of their dividend deficiency fund has been exhausted, how are they to get anything if there is a third bad year?—We never have had any experience of such a state of things.

3338. Supposing they should have two bad years, how can they get anything if there is a third bad year, and if the deficiency fund is exhausted?—If they have three bad years running so as to exhaust the whole of the dividend deficiency fund, they would not have anything for the fourth year.

3339. Now for the third year. This dividend deficiency fund is only 5 per cent. upon the whole capital, so that two bad years to the extent of 2½ per cent. would exhaust it?—Yes.

3340. If I remember right the Chartered Company were for two years without a considerable portion of their maximum dividend?—Yes; 5 per cent. would give the Chartered Company 150,000 *l.* of reserve.

3341. If for two years' running they lost 2½ per cent. of dividend the dividend deficiency fund would be entirely gone, and if there came a third bad year it is plain they could get no sort of recoupment?—Yes; if they were relying entirely upon the reserve.

3342. You advocated the 1868 Act, did not you; you were a witness on it?—Yes, I was a witness for the Metropolitan Board.

3343. And probably in 1867 also?—Yes.

3344. Were you examined in 1866?—Yes.

3345. I should not be wrong in saying that whenever the Metropolitan Board have wanted a witness against the companies you have been their witness?—You would be wrong in saying that.

3346. In Parliament I mean; tell me how I should be wrong?—I have not always been for the Metropolitan Board; I have no objection to be; I should like always to be.

3347. In what year have the Metropolitan Board been in Parliament against the companies without your help?—Whenever the Metropolitan Board have been in Parliament upon gas matters I have been a witness.

3348. That is what I put to you?—Not in the first instance.

Mr. *Cripps*.] You put it generally, and excluded the question of Parliament.

3349. Sir *Edmund Beckett*.] I conclude that the same remark would apply to 1869, the Metropolitan Board being in Parliament against the Imperial and the South Metropolitan Companies?—Yes.

3350. Yesterday you used the phrase two or three times of "normal years;" will you explain what you mean by normal years?—We have had two abnormal years; one sometimes proves the positive by showing what the negative is; we have had two abnormal years with regard to coal, namely, 1873 and 1874.

3351. In what respect do you mean they were abnormal?—Because within the memory of man coal has never attained any such price as it attained in 1873 and 1874.

3352. Also there is another thing which has risen beyond the experience of man, namely, the price of labour?—It is very high at present.

3353. Why cannot you take my question in its form?—Yes, it was as you say in 1873 and 1874.

Mr.
G. W. Stevenson.
10 June 1875.

3354. Has it gone down?—Yes.

3355. How much?—Something.

3356. Very little?—Something.

3357. Do you know how much stokers' wages have gone down?—I do not know whether they have varied in London; I do not know whether in the metropolis the cost of labour has gone down or not.

3358. I suppose you would admit that the price of labour would affect the price of gas even more than the price of coal?—No, the coal is the raw material from which the gas is made.

3359. Then there are the residuals?—Yes.

3360. Residuals do not always rise with the coal, but sometimes they do; which does affect the price most, the rise in coal or the rise in labour?—The rise in coal.

3361. You will admit that in 1869 no such abnormal years as 1873 and 1874 were contemplated by anybody?—No.

3362. Supposing the Committees of 1868 and 1869 had been persuaded by your people not to have allowed any revision, where would the companies have been in those two years?—They would have had to do as a vast number of the provincial companies have had to do; that is to say, suffer in their dividends.

3363. They would have had to do without?—No, they would have had to suffer. The metropolitan companies have been protected, whilst all the other companies have been left to their ordinary chances as traders.

3364. Their price not being limited as close as the metropolitan companies price has been?—A great many of them have been limited.

3365. The usual limitation has been a liberal price and 10 per cent. dividend?—Ten per cent. in the first instance and seven afterwards.

3366. It has been done by a given price and a limitation of dividend to 7 per cent. on 10 per cent.?—Parliament has always fixed the price in each special Act, according to the circumstances of the company applying, having reference to the cost of coal and so on to that company.

3367. In the majority of cases are provincial companies charging their maximum price?—In many cases they are.

3368. In the majority?—In many cases they have been charging the maximum prices.

3369. Do not you know that the Brighton Company came to Parliament in 1873 to ask for a rise of price because they saw what was coming?—Not because they saw what was coming, but because they were suffering the pinch; I was a witness for that company.

3370. The result was this, that they got a shilling rise in price?—No, they did not; their maximum price was 3 s. 6 d., and their prescribed illuminating power was 14 candles by the Sugg-Letheby burner; they came to Parliament, and Parliament gave them 6 d. additional price, and permitted them to use the referees burner.

3371. Which was stated at the time to be equivalent to some pence; 3 d. or whatever it was?—Others stated that; I did not agree with that; I never have agreed that the value of the difference of the burner at 14 candles is 3 d. in the price of gas; it is not.

3372. At all events that was represented on the other side?—Yes.

3373. At any rate, taking it altogether, it was something over 6 d.?—Yes.

3374. As to this meter-house of the Chartered Company, how do you do the trick of raising the illuminating power of gas in half an hour, or two minutes, or whatever it is?—It is no trick; it is one of the commonest things in the manufacture of gas that a manager is acquainted with.

3375. How is it done?—If the illuminating power falls below what it ought to be, and the manager or the yard foreman, or whoever it is that has to do with it, gets notice of it, he sets to work and draws some of the retorts and charges them with cannel, and so increases the illuminating power; and instead of delivering that gas which he is making into the gasholder and storing it and sending it out to the town, he will deliver it direct to the town and simply let the surplus go into the gasholder.

3376. Under the Acts of 1868 and 1869 I think no notice of the time of testing is given, is it?—The time is prescribed.

3377. No, the limits of the time are prescribed?—The limits of the time are prescribed

prescribed, and the referees fix the hours of testing and give the companies notice.

3378. I think not?—Practically they do; they are not obliged to do it, but they do it.

3379. I think there was a contest upon the point whether they were obliged to give notice?—The companies are apprised of it.

3380. How long before?—The referees prescribe the hour of testing, and I think the hour is published.

3381. They may test during any time during the three hours in summer and five hours in winter?—Yes, and during that period the companies are entitled to have an officer present, but not to interfere in the testing.

3382. You speak also, and I suppose in this respect under the inspiration of the Metropolitan Board, about the necessity of having access to the books. I thought the public auditor had access to the books in every year?—He has.

3383. If the public auditor is a man equal to his work, that seems to be provided for pretty well already?—They say not.

3384. Who say not?—The local authorities say not.

3385. I would rather hear what you say?—I do not think it is desirable that they should have their information filtered to them through the public auditor. I think they should be able to go and get it themselves and not get it second hand. The public auditor might not be willing to give it, and if he did give it, second hand information is not always best.

3386. In addition to the public auditor, when the Commissioners come to revise, they are entitled to access to everything?—Yes, that would be to the made-up books of the company:

3387. Not merely to the made-up books, but to everything; they may call for any information they like, and the companies are subject to penalties if they do not give it?—That is so; the information that would be obtained by them would be as to what has been; not as to what is going on at the moment.

3388. I should like to know the kind of books that could give information as to the future, except prophetic books, or "Moore's Almanack"?—I will tell you the sort of information I refer to. Where a company enters into a contract for a large quantity of coal, say 270,000 tons of coal in February, the contract to begin to be executed in the September following, and not to conclude till September in the following year, that is something the books would tell you with regard to the future, and that would be very valuable information to get.

3389. The Commissioners can get it?—Yes.

3390. The Commissioners ask, What contracts have you?—Yes, the local authorities ought to be able to get that sort of information quickly.

3391. I am talking of the Commissioners. The Commissioners did ask for that information and did get it, and we have been told that they thought, rightly or wrongly, that some of those contracts were improvident, and they knocked off something accordingly?—The Commissioners did not ask for that information; the Metropolitan Board asked for that information, and if they had not asked for that information, and laid the results of their inquiries before the Commissioners, the Commissioners probably would have known nothing about it.

3392. The Metropolitan Board asked for it, and the Metropolitan Board got it?—Yes, but they got it when it was too late to do any good with it.

3393. Was it got?—Yes.

3394. We have been told that the Commissioners made use of it, and disallowed some portion of the contracts?—It was too late to stop the contracts. It would have been an advantage if the contracts could have been stopped.

3395. But the Commissioners did not allow them what they asked for in respect of those contracts?—That is so.

3396. You mentioned Bradford among your places; the corporation bought up the Bradford works lately, did not they?—Yes.

3397. Do you know how many years' purchase of the dividend they gave?—It was a very great deal; I cannot remember the figure; sixty years, or something of that kind.

3398. That is too much, I think; it was about thirty?—I think it was more; they had expended 50,000 *l.* share capital for the supply of the whole of Bradford. Fancy works necessary to supply Bradford could be constructed for 56,000 *l.*

Q.107.

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3399. What

Mr.
G. W. Stevenson.
10 June 1875.

3399. What has that to do with the question of dividends; there were a lot of people in existence receiving such and such dividend?—Yes.

3400. What had been paid by their predecessors in the way you describe did not signify a farthing, did it?—I should think very much indeed, for this reason: When you ask me how many years' purchase the corporation paid on the statutory dividends of the company, it is necessary to explain that the statutory dividends were extremely small, owing to the fact that the company had a very small share capital, only amounting to 56,000 *l.*, at 10 per cent., the statutory dividends being 5,600 *l.* for the supply of the whole of Bradford. All the rest of the works had been constructed out of the profits made by the company on the sale of gas.

3401. Still the fact was, that at that time there were a certain number of people receiving a dividend which could not, by any contrivance, be exceeded?—Yes.

3402. And they had no interest whatever in anything except their dividends?—No.

3403. They received 30 years' purchase of those dividends?—I think it was a great deal more.

3404. How much do you think?—I think it was over 60 years.

3404.* Mr. *Michael.*] It was 28 years, with incidental advantages?—I believe it worked out to 60, or something of that kind.

3405. Mr. *Birley.*] What was the total amount of the purchase money?—If desired, I could supply accurate information to the Committee on the point tomorrow.

3406. Sir *Edmund Beckett.*] You mentioned the Sheffield and the West Ham gas companies; in 1866 the Sheffield Company was, as we all know, an old existing company?—Yes.

3407. They came for some new capital?—Yes.

3408. The practice usually is, when there are not those peculiar restrictions that there are in London, to give new capital to old companies at 7 per cent.?—Yes. Did you say "restrictions"? I should have thought you would have said "privileges."

3409. The usual principle is to limit companies to 7 per cent.?—Yes.

3410. That being so, the Sheffield Company were given an extra bonus beyond that of being enabled to go on increasing their 7 per cent. up to 10 per cent., if they should be able hereafter to reduce their price?—Yes. In the absence of the knowledge of what their selling price was at the time they got that Act, I cannot tell whether it was an advantage to them or not.

3411. At any rate, they were entitled to get 7 per cent. dividend?—I think that is so.

3412. Seven per cent. was their minimum; but if they should be hereafter able to lower their price, they might go up to the unusual maximum of 10 per cent.?—Yes; they were not entitled to charge more than 3 *s.* 3 *d.*, whether they got to 7 per cent. or not.

3413. Though the figures varied slightly, the price being higher at West Ham than at Sheffield, the principle was the same in the case of West Ham?—Yes.

3414. You know that at Sheffield they had unusual advantages for getting coal?—Yes.

3415. And you said they had unusual advantages in the sale of coke?—Yes.

Cross-examined by Mr. Serjeant *Sargood.*

3416. A word about the burner. If I understand you, there was a particular burner in the year 1860 used for developing 12-candle gas?—Yes.

3417. Passing over the intermediate one that the referees authorised, there is now a burner that turns the same sort of gas into 16-candle gas?—Yes.

3418. And you propose to put that into the Bill?—Yes.

3419. And to call it 16-candle?—Yes.

3420. It is the same sort of stuff exactly?—It is the same gas.

3421. Supposing one wants to sell some wine in a measure called a pint of a particular shape, and somebody invents another measure of a different shape,

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and calls it a measure of so many cubic inches, the wine being still the same, will you tell me what practical use there is in inventing a new measure with a new name, when the article is to be just the same; I do not follow the object of the change?—I do not follow your question.

3422. If you were to have in the year 1860 a certain quality of gas as measured by burner A., and in the year 1875 exactly the same quantity of gas as measured by burner B., what is the use of changing the thing, and giving a new name and altering the Act of Parliament if the article to be delivered is to be precisely the same thing in the end?—There is no use in it. If you like to let us adopt the burner that was in use in 1860, we will put 12 candles into the Bill instead of 16. You must keep the relation between the two, and if you alter the burner you must also alter the figure of illuminating power.

3423. I am not proposing to alter the burner, it is the consumers?—No, it is the referees who have done it.

3424. If somebody has a fad to alter the burner, the necessary consequence is that he must alter the number of candles to make it consistent?—Yes.

3425. But the public get the same gas?—Yes.

3426. And there is not much use in the change?—It is not a question of a pint measure of a different shape; it is a pint measure.

3427. You measure it in cubic inches instead of calling it an imperial pint, but after all the article delivered is the same?—It is simply this, that the burners have been improved in the process of manufacture to the extent of four candles since 1860, and therefore the figure 12 is done away with, and 16, is introduced to suit the present burner.

3428. That is only done away with if you make it imperative to use another burner?—We are willing to keep the 12 candles, if you will have the burner of 1860.

3429. *Chairman.*] You are willing to revert back to the burner of 1860, but what you dislike is that you should not have a fixed burner?—Yes.

3430. In fact you do not want to leave it to the discretion of the referees?—No, we want the same pair of scales that was used in 1860 to weigh out to us 16-candle gas.

3431. The Chartered Company is not under the Act of 1860?—No.

3432. *Mr. Serjeant Sargood.*] The argand burner is under the Act of 1860?—They are both argands.

3433. In 1868 the referees had the power of selecting anything they chose?—Yes.

3434. The thing they chose was such that you have to call the gas 14-candle gas to make it fair?—Yes, it was a burner that was not known at the passing of the Act of 1860.

3435. Now, you have a new thing, and the same gas being developed into 16-candle gas, you are obliged to call it 16-candle gas to keep it at the same quality?—Yes, if you have two photometers side by side, and you test the same gas precisely with the burner of 1860 and the burner of 1868, one will give you 12 candles and the other 16-candle gas.

3436. A word as to the present Bill; the present Bill is a very considerable modification of the principles involved in the 1868 Act, I think?—In regard to revision and price it is.

3437. And, therefore, it affects a very great change?—Yes, it is going back to the legislation before 1868.

3438. There is a great difference in the present Bill as applied to the Chartered Company to what the application of the 1868 Act would be?—Yes.

3439. My learned friend, Mr. Cripps, put this to you at Question 3055: "The Act which we propose would make no difference in the new arrangement, as regards the Chartered Company," and you rather incontinently drop into that and say "not any"?—No, I do not think I did incontinently; that was a limited application, and my answer was limited to the application of the question. It is in regard to 16 candles.

3439.* You might have said with regard to candles it would make no alteration?—The whole of the examination was in regard to number of candles.

3440. With regard to uniformity, as you call it, particularly with regard to price and illuminating power, is it possible properly to have uniformity against every company acting separately as it does, or do not you require amalgamation

D.107.

E E 4

before

Mr.
G. W. Stevenson.
10 June 1875.

Mr.
G. W. Stevenson.
10 June 1875.

before you can get to uniformity?—I think uniformity is possible with regard to price and illuminating power, just as much now as it was in 1860; the Act of 1860 certainly did secure uniformity throughout the metropolis.

3441. The price, combined with the quantity of gas sold, are the two factors out of which you get sufficient to pay the dividends?—Yes.

3442. The dividend, of course, as regards the lump sum that is required for it, will vary with every company, according to the amount of its capital?—Yes.

3443. And therefore the price would have to be regulated to meet the extent of the capital represented by the company?—Yes; permit me to qualify that answer; it cannot be done immediately, but it might be brought about after a period.

3444. You might get them in a state of equality?—In regard to capital, and so the dividends of all the companies might become uniform; without uniformity of dividend you cannot get uniformity of price.

3445. I want to see how uniformity of price fits itself into this idea that the most ancient company must have the largest amount of unproductive capital; capital dead and gone, and which no longer can produce anything, and yet has to be provided with its dividend?—And which I say is that it ought to be liquidated by a gradual process.

3446. The Bill does not say that?—I hope the Committee will deal with that.

3447. You admit that the oldest and the largest company, that is to say, the Chartered, has an enormous capital which long since has been worn out and ceased to be productive?—Yes.

3448. That would require a larger price to meet the dividend upon it than in the case of a new company started 10 years ago?—I think that the proportion of capital which is due to worn out works ought not now to be bearing dividend.

3449. It does bear it?—There we want further legislation; it ought to be liquidated by a sinking fund.

3450. I am dealing with things as they are; that being so, you admit that you cannot talk of equality of price at the present moment, though by future arrangements it might be worked out?—I think so.

3451. Then at Question 3069 you say that: "Till 1868 there was no such thing known as guaranteeing a maximum dividend to a gas company." I suppose you are alluding to these revision clauses?—Yes.

3452. Looking upon those as you put them, as machinery for guaranteeing a maximum dividend, you say up to that time Parliament had never suggested the propriety of guaranteeing a dividend to a company?—I did not say Parliament had never suggested it.

3453. Parliament had never carried it out?—Not within my knowledge.

3454. You are quite prepared to admit this; that having enacted it in 1868 by that Bill, they did it conjointly with various other enactments that were all made and brought up avowedly in the interests of the consumers?—I cannot tell what was in the mind of Parliament.

3455. I am asking you what is in the body of the Act. I put to you this, that the guarantee of the dividend was the price at which the companies undertook to discharge the obligations of the Bill in favour of the consumers?—I think the obligations placed upon the companies were light compared to the privileges they got in connection with those revision clauses.

3456. You may think that that which we thought worth 5 s. is worth 5 l. to us. I am asking you whether it is not patent whether it is worth 5 s. or 5 l., that it was the price at which we undertook to carry out all those regulations of 1868 in favour of the consumers?—I suppose so.

3457. Do you know that the Chartered Company in that very Bill were entitled to raise 600,000 l. of new capital in order to go on with their business under the new arrangements of 1868?—Yes.

3458. And they have been allowed to raise 1,000,000 l. of new capital on the same grounds and for the same purpose?—Yes, and most extraordinary legislation, I may say; 1,000,000 l. of new capital bearing 10 per cent.

3459. But Parliament thought it fair. You come on behalf of the consumers whose interests we undertook to protect at the price named, to say, keep up the regulations for the consumers but alter the arrangements against the company?—I am not seeking to do anything or suggesting that anything should be done which would destroy your rights under the Act of 1868 in regard to capital already raised and expended.

3460. What

3460. What are you going to do with regard to the half million not yet raised and expended, but which must go out upon our works, and which was allowed by Parliament for that purpose, upon the footing of the legislation of 1868?—With regard to all your future capital yet to be raised and expended; I think you ought to raise it on the most favourable terms to the public, and that can be done only, I conceive, by offering the shares to the public, and letting them value them and purchase them.

3461. In the interests of the consumers you think this; when Mr. Cardwell said to us, undertake these obligations, and I will give to you a certain dividend, and we do undertake them, and we want a million to carry them out?—

3461*. Do not you know that in carrying out the arrangement of 1868 the Chartered Company have amalgamated with them five other companies?—Yes.

3462. And that in carrying out the wishes of the public not to have gas manufactured in the heart of the metropolis, they went out to Beckton to build new works?—Yes, that was in 1868; you got those powers in 1868.

3463. It was part of the same scheme, and the same idea; do not you know that necessarily they are works of enormous magnitude to meet the idea of amalgamation, and the necessary supply?—No; not of amalgamation, because you had taken over the works of the companies, which were amalgamated with you, and you are enlarging the great central works at Bow Common to compensate for those you have destroyed at Blackfriars. Then you have abandoned your own works at Curtain-lane for Beckton, and you have the Equitable works in Pimlico, and you have the Western Works at Kensal Green; so it is not to enable you to construct new works in connection with the works you have amalgamated with, but to carry on your own business properly.

3464. You do not suggest that the amalgamation of the five companies, and the necessity of putting down some of the stations does not involve the necessity for those large works?—It is the increasing consumption of gas which renders your large works necessary; you are increasing at the rate of nearly 3,000,000 feet a day in mid-winter.

3465. If the Act of 1868 gives us what you call a guaranteed dividend, and if Parliament has given us our 1,000,000 *l.* in 1872 or 1873, subject to that dividend, I want to know on what principle you think it fair and right to say that Parliament having induced us to raise 1,000,000 *l.* shall now deal with half of it on different terms to those on which they granted it to us?—I am not aware that you have raised the 1,000,000 *l.*

3466. I mean Parliament having granted us the 1,000,000 *l.*, of which we have raised half, do you think it fair to meddle with the half we have raised?—Yes, I think it is, you have at present no interest in it; I think it would be quite fair.

3467. *Mr. Bristowe.*] You said just now that you do not want to interfere with the capital already raised?—Yes; I do not know whether I understood the question.

3468. *Chairman.*] The question was as to interfering with capital raised?—I did not understand the question.

3469. *Mr. Serjeant Sargood.*] I will put it again; Parliament have authorised us to raise a million at 10 per cent.?—Yes.

3470. We have issued half of that capital and it is in the hands of somebody or other who expects to get a 10 per cent. dividend?—Yes.

3471. Under certain regulations of the Act of 1868?—Yes.

3472. As against the holders of that capital, do you think it is fair to alter the regulations of 1868?—Yes, I think it fair to alter the regulations of 1868, but at the same time I think those people who have subscribed their money on the faith of what I conceive to be amounting to a Parliamentary guarantee, ought to be secured in their revenues; I quite concur in that opinion, that there ought to be no such interference as would disturb the consequences of previous legislation in regard to capital already raised, but with regard to unissued capital, I would deal with it differently.

3473. With regard to those parties who are expecting their guaranteed dividend, your sliding scale, which is to be substituted for the revision, does not contain anything in it, saving the rights of those who are existing shareholders at this moment, I think?—No, not specially.

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3474. You

Mr.
G. W. Stevenson.
10 June 1875.

Mr.
G. W. Stevenson.
10 June 1875.

3474. You say that as regards the existing shareholders of the half million of new capital you think they ought to be protected?—Yes.

3475. When you shift off the revision and destroy it and put in your sliding scale, does the Bill contain any protection whatever for the holders of that half a million?—Yes; I think it does; I think Clauses 48 A and 48 B will secure those shareholders in their maximum dividend.

3476. I think I will show you that they will not; at present the reserve fund has to be manufactured?—Yes.

3477. Out of the surplus profits after paying 10 per cent dividend?—Yes.

3478. Supposing during this year we cannot pay 10 per cent. dividend, but we are only able to pay 8 per cent., we shall not have any reserve fund to go to?—No.

3479. Supposing next year we are lucky, and make 12 per cent., and to put 2 per cent. into the reserve fund after paying the dividend, do you mean us to make up the 2 per cent. of this year out of the reserve fund?—No, but I will tell you what I would do, and what I think the promoters of this Bill ought to be prepared to concede, that you should have such a price as would enable you to fill your reserve fund as quickly as possible, and the sooner you get it full the better.

3480. This is all very good advice if you had given it to the Metropolitan Board; I am dealing with the Bill; you did not make the Bill?—No; I am telling the Committee what I conceive to be fair as between the companies and the consumers, and I say that I think you ought to be put in a position as soon as possible to have a reserve fund upon which you could draw, in the event of any deficiency occurring in your dividend, even in the first year.

3481. That is saying even if the principles enunciated by the Metropolitan Board are correct, then the Bill is imperfect?—I never saw a Bill come before Parliament yet that was perfect; what would be the use of a Committee to investigate the merits of a Bill, unless they altered the Bill very much.

3482. Having got that concession from you, that as regards the half million raised, the holders ought to be protected now as regards the half million not yet raised, Parliament having given it to us as part of a whole sum required to carry on our undertaking on given principles, and having granted it to us subject to a dividend of 10 per cent., I want to know how, as regards the unraised capital, you can say it is fair that we should be put under any terms that might place that dividend in jeopardy which is now guaranteed, and which under the Bill would not be?—I would not do anything that would place the dividend in jeopardy; I would suggest that you should be required to put the 500,000 £. up to public auction, and you would get the 1,000,000 £., and instead of issuing the 500,000 £. you would only need to issue 250,000 £., and the 250,000 £. would bear 10 per cent. dividend; people would buy in at 200 £. or 210 £., and that would keep down your capital, and be bringing in capital by bringing in 250,000 £., which does not carry any dividend at all; it would be an additional security to the larger amount of capital you have which does bear a high dividend.

3483. You say bringing in practically 250,000 £. which does not bear any dividend; out of whose pockets does that 250,000 £. come?—The public.

3484. Why are they to subscribe it for the benefit of the gas consumers?—Why should not they; why should your company be a close borough.

3485. That carries me to your auction companies; you have given us all you know of?—Yes.

3486. They are 22 in number?—I have not gone back and investigated all the Acts of Parliament that have been passed, but those are all I know of; there may be many others. I know there are companies who do sell their shares by auction, that is to say, who do raise their capital by auction, and who are not compelled to do so.

3487. Here are 22 companies, ranging from 1853 to 1875, can you give me any notion of the aggregate number of gas companies in the United Kingdom?—No.

3488. Shall I suggest a 1,000?—Perhaps there would be a 1,000.

3489. Then the general rule would be, according to public legislation, that is to

to say, by the 1845 Companies Clauses Act, that the shareholders would be entitled, as of right, to take all the new shares and to make what they could of them?—Yes.

3490. This is an exception to the rule?—Yes, I think there are less than 400 statutable gas companies in the kingdom, but certainly there are 1,000 or more trading with or without Parliamentary power.

3491. There are but 22 that are an exception to that general rule, against the 400 who are entitled to put their own profits in their own pocket?—So far as I know, there are only those companies mentioned on the list who are compelled by Parliament to sell the whole or a portion of their shares at public auction, and it is not likely that companies will volunteer to do it.

3492. However much details of management may change from time to time to adapt themselves to principles, I suppose you would agree with me that principles, if they are worth much, ought not to be changeable?—I do not know to what that applies; there are some principles that are unchangeable.

3493. What was Parliament about when in 1845 it thought if a trading company had been so successful that upon raising new capital its shares were found at a premium, that the shareholders were entitled to the advantage, was it a principle that was sound or unsound?—I think it was very sound in this respect, that it prevented jobbery with the shares. To my mind that obligation to distribute new shares in proportion to the holdings of the original shareholders, was inserted in the Companies Act in order to prevent jobbery. I think that was the intention. I cannot tell what was in the mind of Parliament, but it has that effect.

3494. It allows the shareholder the advantage of having the premium on his shares if he chooses to dispose of it, or having 10 per cent. for his money if he chooses to put down the price of them at par and acquire the new shares?—Yes.

3495. Is not the effect of it this, the moment a share goes on the market at a premium, the holder ceases to get his 10 per cent., which you talk of as being guaranteed?—No, he gets 10 per cent. upon the nominal value; he gets 10 per cent. upon the 100 l., and he is willing to give more than the 100 l. in order to get the 100 l. with a 10 per cent. dividend.

3496. Then he does not get the 10 per cent. upon 100 l.?—Yes, he does.

3497. If a man finds that a 100 l. share is at 25 l. premium, and he buys the shares at 125 l.——

Mr. *Cripps*.] He does not buy it at 125 l.

3498. Mr. Serjeant *Sargood*.] You may say this, he gets 10 per cent. upon the 100 l., and nothing for the 25 l.?—He is willing to give 25 l., in order to have 10 per cent. secured on the 100 l.

3499. Is not it a farce to say that any of those shares issued at a premium in this way to the public, any longer bear a 10 per cent. dividend?—They do bear a 10 per cent. dividend on the nominal value of the shares.

3500. But they will not pay a man 10 per cent. for his money. I get 10 per cent. if I am entitled to buy the shares at par, but I do not get 10 per cent. if I am only entitled to get my shares by public competition?—If you like to go into competition with the public for shares, then you are one of the public, and not a shareholder.

3501. I want to know why the ordinary principle of legislation, an exception to which has only been established in such a few cases, is not to be applied?—The aggregate capital invested in London gas is about 11,000,000 l.; the capital doubles itself in about 12 years, hence 22,000,000 l. of money will be invested in London gas. If all the 11,000,000 l. which is to be called up in the next 12 years is to bear 10 per cent. dividend, and that dividend is to be given to the shareholders, 11,000,000 l. more will have been paid 12 years hence than is now being paid by the consumers of gas. On the other hand, if the required capital be competed for by the public, more than half a million of money will be saved to the consumers.

3502. You mean the dividend would amount to half a million; that the dividend they would avoid paying would represent that sum?—Yes.

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3503. If

Mr.
G. W. Stevenson.
10 June 1875.

3503. If a man gives 200 *l.* for a nominal 100 *l.* share, he is getting 5 per cent. for his investment, and not 10 per cent.?—Yes.

3504. You said yesterday that 3 *s.* 9 *d.* was the price at which you thought the Chartered Company under a normal state of affairs would be able to pay their 10 per cent. dividend. I do not know what you mean by a normal state of affairs?—I mean with coal at the ordinary rate.

3505. What do you mean by ordinary rate; coal is a fluctuating article of commerce?—No, it is not; till the coal panic came in 1873 coals had been bought at the same price within 2 *s.* a ton for very many years.

3506. With your assistance in 1868, when the normal state of things in your judgment existed, the 3 *s.* 9 *d.* was fixed as a fair price?—The Committee fixed 3 *s.* 9 *d.* for 16 candles, and there was no abnormal state of things at that time.

3507. You admit that when the state of things is abnormal, the price ought to be abnormal to suit it?—Yes, to some extent.

3508. Was not the revision clause introduced for the purpose of enabling the Commissioners to do that?—Yes.

3509. Why do you object to it simply because experience has put it up instead of putting it down?—The revision clauses do not work in the interest of the consumers at all, and the Commissioners were not certainly invested with the power they ought to have been invested with. I know that that points to an amendment of the 1868 Act, but I question whether any statutory machinery would enable the Commissioners (and who have the best intentions I am quite certain, and who have fulfilled their functions with the greatest patience and assiduity), to fix the proper price because they could not ascertain what was due care and management, either in expenditure of capital or in annual working.

3510. Very likely you have come to a conclusion that that pet phrase, due care and management, that was so insisted on by the consumers, has really no practical meaning in it?—I think it has a very great deal of meaning in it.

3511. But that nobody can manage it; it is like an eel that slips from your fingers?—No, I say the gentlemen who were appointed not having special knowledge of the subject, and not knowing what due care and management consisted in in gas making and distributing, were scarcely qualified to give a decision upon that point.

3512. Do you admit that the state of affairs under the revisions of 1873 and 1874 was an abnormal state of affairs?—It was an abnormal state of affairs.

3513. Coals were up, iron was up, and labour was up?—Yes.

3514. Was not the revision a capital machine for raising the price in our interest?—Yes, I think it was.

3515. Supposing, instead of being up everything had been down, was not the machinery unquestionably equally available for lowering the price in the interest of the consumers?—I doubt it very much; with the limited powers the Commissioners were entrusted with, it was not a good machinery.

3516. Did not you make a great mistake yesterday when you said that investing in coal mines was absolutely prohibited by Parliament; has Parliament ever entertained the consideration of allowing a company to invest in coal mines. Your words are "Coal mines were absolutely prohibited by Parliament"?—I corrected myself afterwards.

3517. My remembrance of the case was that that was a mistake of yours?—I corrected it afterwards to this extent, that your company introduced a Bill asking power to purchase and lease coal mines; and, at the Wharnccliffe meeting, your shareholders said it was not advisable to ask for such power.

3518. You said yesterday that though they granted it with regard to ships, that was a disadvantage to the consumers, though it might be a benefit to the company?—Yes.

3519. I cannot understand why you should say that. How much money did Parliament allow us to use for ships?—£. 150,000.

3520. Was not that a capital which, if not asked for to be applied to ships, was capable of producing 10 per cent.?—Yes.

3521. Was not it capital which, the moment we devoted it to ships, became lowered to 7 per cent.?—Yes; what I say is, that it might have resulted in a loss to the consumer; so far, it was to the disadvantage of the consumers.

3522. If it had earned 15 per cent., 7 per cent. only could have been paid?—

Yes;

Yes; but what I said was this, that it might turn out to the disadvantage of the consumers. What I said was this: "It might have operated to the advantage of the Company by enabling them to get coal and carry it at a less rate than that at which they could buy it in the London market, or at which they could buy it at the pits and engage freight, or it might have been the other way; at all events, there was a margin of uncertainty which appeared to Parliament to be outside the operations of a gas company."

3523. I saw that you made the observation, I do not know on what authority, that it appeared to Parliament to be outside the operation of the Act. I do not know what you mean by that; it was our business to get coals brought to us as cheaply as we could?—You might not succeed in doing it, and it is well known that steam colliers have not been paying things of late. It was altogether a one-sided thing; it was heads I win, tails you lose. If you succeeded in making a profit, you were limited to 7 per cent.; if you lost, the consumers had to bear the loss, and not the company.

3524. As to bookkeeping, you say that the consumers ought to come and look at our books?—A representative of the consumers.

3525. I take the auditor to be the representative of the consumers. You say the consumers ought not to have it second-hand; who would you put in the place of the auditor?—I would not put any one in the place of the auditor, but I would give the chief accountant of the Metropolitan Board, and the Corporation of London, the power to see what you are doing from time to time.

3526. Does not the auditor do it for them?—He does it for the Board of Trade, not for them.

3527. He does it on behalf of the consumers, he being expressly appointed by the Board of Trade to check those accounts on behalf of the consumers, and we are the only persons who can appeal if we are dissatisfied, showing that the auditor is the consumers' representative?—What he does the Corporation of London, and the Metropolitan Board, do not get the knowledge of till the accounts come to be published, and then they see the result.

3528. Would you have the consumers know the contracts which we were going to make?—No, they could not expect that.

3529. What is it you do want?—It is rather out of my department; I am not an accountant; the accountant could speak to that better than I can. I know if I had to look after the accounts I should want to be investigating them before they come stamped with the authority of the official auditor.

Cross-examined by Mr. Venables.

3530. First of all I should like to follow up a little further what you said about the reserve; do you think Clause 48 A, modified as it is by Clause 48 B, an improvement on the Bill as originally deposited?—Yes, I do.

3531. I understand you to speak in favour of a reserve?—Yes.

3532. Of course if the price is fixed as 3 s. 9 d. was fixed by the former Acts, in a normal year there would be nothing for the reserve. In an average year 3 s. 9 d. was supposed to be enough to earn the authorised dividend?—Yes, and a little more.

3533. If that calculation were right, it would follow that there would be no sum applicable in a normal year to the reserve fund?—I have already suggested that if 3 s. 9 d. is not sufficient to enable you to create a reserve in the first instance, there should be a limited period of a further limited price that you should be entitled to charge in order to enable you to create a reserve.

3534. That is supposing the Act were passed, and the companies were in the position of having no reserve, you would allow them in the first instance a larger price till they had filled up their reserve?—Yes.

3535. And whether it should be over one, or two, or three years with a small addition, or over a shorter period, with a larger addition, is a question for the Committee?—Yes.

3536. Whether over a smaller or a larger period, what you recommend, is, that there should be an extra price allowed for a certain time until the reserve was filled up?—Yes; I think that 3 s. 9 d. is quite enough to enable the companies to create a reserve; I am only speaking of the contingency of their not being able with 3 s. 9 d. to create a reserve; I think that might be tested very fairly by letting them work under 3 s. 9 d. for a year or two, and if it is found

Mr.
G. W. Stevenson.

10 June 1875.

by exercising due care and management they are not able to create this reserve, then I think they should have a somewhat higher price to enable them to create it.

3537. One or two questions about these Auction Clauses; have you formed any opinion as to what percentage the reserve fund ought to be?—In the Bill it is 5 per cent on the capital.

3538. Have you any opinion of your own about it?—I think 5 per cent. is enough; I hope we shall never see two such years as we have seen in 1873 and 1874.

3539. Supposing it had happened to be four years instead of two?—The country would have been ruined; not gas shareholders only, but everybody.

3540. As to this table of yours; I find, leaving out those which sell half by auction, there are exactly 20 which sell all by auction?—There is one, at all events, wrong there; that is Brighton and Hove.

3541. There are about 18 or 19 then?—Yes.

3542. You said there was 400 statutory companies?—Yes.

3543. Have you sufficient knowledge of any of those to know whether any of them have done it voluntarily?—Yes, one.

3544. Which?—Nottingham.

3545. Is Nottingham the only one?—The only one; that is the only one I know of that has done it voluntarily.

3546. You do not know of any other?—No.

3547. On the other hand, you do not know that some of them may not have done it voluntarily?—No. I know what Mr. Hawkesley says; he says that the Nottingham Company is the only one that has done it voluntarily.

3547.* Do you know anything about water companies with regard to the particular matter of sale by auction?—Yes.

3548. What number of water companies sell their shares by auction?—I cannot tell you that.

3548.* Are you not aware that there were till lately instances of waer com-t panies being compelled to raise their capital by selling their shares by auction?—I know of one in the north of England, namely, Sunderland.

3549. Is that still under auction?—No.

3550. You know probably that till last year the Nottingham Water Company sold its shares by auction?—I think they did it voluntarily.

3550.* Originally, but in several successive Acts of Parliament, they were compelled by the Corporation to do it; were you aware of this, that last year when they proposed to raise some additional capital and to leave out the Auction Clause, the Corporation opposed them for the purpose of securing the maintenance of the Auction Clause, and that the company was successful and now raises its capital without auction?—No, I did not know that, but I know that the gas company in 1873 proposed to leave out their Auction Clauses, and Parliament insisted on them being retained.

3551. I am asking you about the water company?—I did not know that.

3552. Is not the effect of the legislation about Nottingham last year, that now there is not a single water company in the kingdom that is compelled to sell its shares by auction?—I believe so.

3553. Supposing a company wants to raise any given sum, 50,000 £. or 100,000 £., does not the Auction Clause make it necessary to issue the whole of the capital represented by the shares at once?—No.

3554. You cannot sell, I suppose, or cannot sell to advantage, the shares which are issued subject to calls?—No; whatever amount of money you want you estimate how many shares will realise that sum of money if sold by public auction, and you offer them, and in that way you get the whole amount of money you want.

3555. You would say that the prospect of future capital being raised at some premium or other, has always been taken into consideration by the purchasers of the shares?—I dare say it has.

3556. And is one of the elements that has determined the price given for the shares?—I think not; I do not think it enters into the calculation of one in ten thousand persons who buy shares.

3557. Do you think it of advantage to them?—Of course it is of enormous advantage to get the bonus which would accrue to them from the allotment of new shares.

Mr.
G. W. Stevenson.

10 June 1875.

3558. That enormous advantage must be as well understood by an ordinary purchaser as by yourself, and therefore how can it be that it does not affect the price?—I am sure it does not affect the price of the shares in the open market.

3559. Take the company I represent, the Commercial Company, do you think that the purchasers in the Commercial Company have not been influenced in the prices they have given for their shares by the prospect of hereafter being able to invest their money at 7 or 10 per cent.?—No, on the contrary; if the new capital of these companies be sold by public auction, the old capital will be increased in value immediately, and realise a very considerably greater sum than it now realises.

3560. But will the old capital be increased by so large a sum as the property of the shareholders would be increased by, if the shares had had a 10 per cent. dividend.?—No, but you asked me whether the present shareholders had not given more for their shares, having in view the prospect of a bonus accruing to them from the allotment of further shares, I say no.

3561. Supposing there had been one set of shares that were entitled to future allotments of capital at 10 per cent., and another set of shares which were entitled to no allotment at all, which do you think a shareholder would prefer?—I know which I should prefer to buy; I do not think it would influence the general shareholders at all.

3562. Which should you prefer?—I should prefer those in which I should be entitled to further allotments. I do not deny the advantages to the shareholders.

Re-examined by Mr. Cripps.

3563. As to that last point, take the Commercial Company, for which my learned friend appears, as an instance; no shareholder in that company would have any right, would he, to calculate that Parliament would ever give the power to raise any new sum upon any particular guarantee; it is entirely a future matter?—Quite so.

3564. He has 10 per cent. upon his capital?—Yes.

3565. That 10 per cent. represents the interest of the original shareholders?—Yes.

3566. The original shareholder subscribing his money would have had to incur the risk of whether the capital became worth anything or nothing?—Yes, and I do not think 10 per cent. a bit too much for the original shareholder.

3567. As an inducement for a party to go into an unknown matter that might turn out something or nothing, it is not too much to say if you are successful you shall have 10 cent.?—No.

3568. It is a totally different thing when that company has been established for years, and is found to be able to pay a 10 per cent. dividend, and it would be quite a different thing to apply that same dividend to the new capital which is raised?—Yes, I think when a trade is removed from all contingencies, 10 per cent is a great deal too much.

3569. You cannot put a person advancing his money now in the Commercial in the same position of risk as the man who advanced his money originally?—No.

3570. The new shareholder claims to have the 10 per cent. though he incurs no risk?—Yes.

3571. With reference to the proposal to have some slight difference for a certain number of years, you have advised the Metropolitan Board throughout this matter?—I have.

3572. You know that the Clauses 48 A and 48 B were introduced after the Bill had been read a second time for the purpose of meeting an objection then raised about the 3 s. 9 d. not being enough?—Yes.

3573. Then, did it appear to the advisers of the companies at a later period that it might not be sufficient to protect them, supposing an abnormal time came in the very first year?—Yes.

3574. Was it suggested that something might, in fairness to the companies, be done to meet that possibility, that the abnormal time might be the very first year of the operation of the Act?—Yes.

3575. What you suggest would be a way of meeting it, but there are other ways in which it might be met?—Yes, I think 3 s. 9 d. should be tried. I think it is sufficiently near, and I think it would give them a surplus; I think it ought

Mr.
G. W. Stevenson.
10 June 1875.

to be tried for two or three years, and if it does not give them a surplus then a remedy might be provided in the Act, perhaps, to be passed now.

3576. It might be done by giving them power to use their contingency fund for a reserve fund?—Yes.

3577. At any rate it is a difficulty which suggests itself, and which possibly we may have to meet in some way or other?—Yes.

3578. When I was examining you before I did not call your attention to that part of the revenue of the company that was derived from their meter rents?—No, the 3 s. 9 d. is independent of meter rents.

3579-80. What you want is to provide something over and above the 3 s. 9 d. which may be the means of protecting the company if this abnormal state of things occurs the first year?—Yes.

3581. You want in some way or other to meet the difficulty which we have considered?—Yes, it is not so much in regard to the first year, because we know now what the price of coal is; contracts are entered into for this year, and we know there is a falling market; it is rather with regard to the future.

3582. Your attention has been called by my learned friend who appears for the Chartered Company, to their Act of Parliament, which was applied for in 1873; will you take the Act into your hand; it is put to you that the dividend which they could obtain under any circumstances upon that capital if applied for the purchase of ships, and matters of that kind, could only be 7 per cent.; just look at the clause; it could be 10 per cent., could not it, but only 7 per cent. in case they were charging more than the 3 s. 9 d. price?—That is so.

3583. So long as they were charging 3 s. 9 d., they would be entitled to 10 per cent. upon the 150,000 l., or whatever it was?—Yes.

3584. Supposing they had advanced money for the purchase of ships in this way, and actual loss was being incurred upon that, the company, so long as they were not charging more than 3 s. 9 d. for gas, would be entitled to receive 10 per cent. upon that money which was being employed at a loss?—They would.

3585. Supposing 20 per cent. was lost upon it, they would still receive 10 per cent.?—Yes.

3586. If they did that, the whole of the difference must come out of the pockets of the consumers?—Yes.

3587. They were safe for that 10 per cent. whatever the result of the speculation was?—So long as they did not charge more than 3 s. 9 d.

3588. A word with reference to the burners; you were asked why the burner might not now be the same as it was under the Act of 1860. In the first place, you or some of the witnesses have told us that the description of burner under the Act of 1860 was too indefinite to fix any standard upon?—Yes.

3589. That you might consistently with those words have a burner which would show a different illuminating power?—Yes, I have here a 15-hole argand burner which complies with the Act of 1860, and which gives four candles more illuminating power than the burner that was used in 1860.

3590. Besides that, that burner of 1860 has been altered by the referees under the powers of the Act of 1868?—Yes.

3591. They had power to fix a new burner?—Yes.

3592. And so that matter was got rid of?—Yes.

3593. Then all that is done at the present time, or proposed to be done by the present Act, would be the same as under the Act of 1860, supposing that burner under the Act of 1860 had been a clear definite thing which could be deposited somewhere and referred to?—Yes.

3594. That is what we propose now?—Yes.

3595. With reference to the capital which was obtained by the Chartered Company under the Act of 1872, it is put to you that that capital was given for the purpose of carrying out the works at Beckton, the works at Beckton had been determined on, and were before Parliament in 1868, were they not?—Yes.

3596. An estimate had been formed of the expense of those works?—Yes.

3597. And the money that was given them under the Act of 1868 was given for the construction of the Beckton Works?—Yes, a proportion of the Beckton Works; they were always going on constructing works; the first works they constructed were for the supply of 10,000,000 feet a day; they have doubled that since.

3598. That was the time they were before Lord Cardwell's Committee?—Yes.

3599. When the question of raising capital, and the restrictions were all before Lord Cardwell's Committee?—Yes.

3600. The Act of 1872 was before a different Committee?—Yes.

3601. Do you find this recited in the Act of 1872 (not referring to Beckton): "Whereas the consumption of gas within the district supplied by the company is rapidly increasing, and to meet such increase, and for the general purposes of the company, it is necessary that the company be empowered to raise further capital, and it is expedient to raise the same in the manner herein provided." That was the reason for that extra million?—Yes.

3602. That was in the year 1872?—Yes.

3603. You say that only half of that amount has been issued?—That is so.

3604. Is that all paid up, or not?—I believe not.

3605. They have the right of having that share capital issued at 10 per cent. as a positive matter under the Act of 1872, but is not all that is provided for this that those shares, however created, shall be issued and offered to the present shareholders *pro ratâ*?—Yes.

3606. But if the directors please and think it right to attach to those shares a dividend of 5 per cent. only, and then issue them to the shareholders, that might be done?—Yes.

3607. The shareholders might exercise a pressure on the directors to get them to put them all out at 10 per cent.?—Yes.

3608. But there is nothing in the Act of Parliament that compels that to be done?—No.

3609. When they talk of a Parliamentary right, that is the full meaning of it; they have a right to have the shares offered to them, but they have no right to have them made 10 per cent. shares?—No.

3610. You were asked about the abnormal price of coal, and the abnormal price of wages. I want you to take these two books for 1869 and 1873 in your hand. Do those books enable you to tell the Committee what the total amount payable for wages would be as chargeable to 1,000 cubic feet of gas?—Yes.

3611. Will you look at the year 1869 and tell me what the charge due to wages would be per 1,000 feet of gas made?—There are the manufacturing charges, and the wages due to manufacturing charges.

3612. I want you to compare the wages and manufacturing charges in 1869 with those for the year 1873?—It does not show much difference.

3613. Is it very small indeed?—A decimal point of a penny; the wages under the head of manufacture in 1869 averaged for all the London companies 4·86 *d.*, and in 1873 they averaged 4·98 *d.* The Chartered Company's wages for the last year, 1874, amounted to 4·37 *d.*; that is because they are making more gas.

3614. Taking the average paid for wages by all the London companies, first of all upon manufacturing charges as between the year 1869 and 1873, there is an inappreciable rise?—Yes.

3615. That does not include the whole of the wages, because under distribution, at page 3, there are some further wages and salaries?—Yes.

3616. Can you compare those in the same way in 1869 and 1873?—Under the head of distribution the average cost for wages in 1869 was ·75 *d.*, and in 1873, ·67 *d.*

3617. If you put the whole together the increase of cost of manufacture for wages is inappreciable?—Yes.

3618. With reference to the desirability of looking at the books, one very important matter which would be desirable for the consumers to know, would be what amount of new capital is required for the companies?—Yes.

3619. That is a matter that affects the dividend considerably, and would therefore interest the consumers?—Yes.

3620. Would not it in that point of view more particularly be very desirable in your opinion, that those interested on behalf of the consumers should have access to the books of the companies?—Yes, I think it would.

3621. My learned friend, Sir Edmund Beckett, wants to have it made clear what the wear and tear column in the books includes?—The wear and tear under

Mr.
Ge. W. Stevenson.
10 June 1875.

the head of manufacture and distribution includes wages, and I think the materials employed in restoring the parts that require repair.

3622. My learned friend, Sir Edmund Beckett, puts to you the possibility of deficiencies in three years following; so far as you are able to judge from present experience that would be an extremely improbable result?—Yes, I think so.

3623. My learned friend, Sir Edmund Beckett, asked you a question with reference to the London Gas Companies; I am not quite sure that you made the matter clear; only three companies have been in Parliament since that clause in the London Gas Act was introduced, which declared that their illuminating power and their price should be regulated anew if any four companies came to Parliament?—Yes.

3624. But one of those three companies after they were in Parliament absorbed several of the other companies?—Yes.

3625. The whole question would be whether, having absorbed those other several companies, it is to be taken to be the same thing as if those other several companies had been in Parliament?—Yes, it is.

3626. When the Chartered Company come to absorb the Equitable by Parliamentary legislation, the Equitable became liable to the same Parliamentary restrictions as had been imposed on the Chartered Company?—It is a question whether the Equitable Company may be considered to have been in Parliament in that Session.

3627. For all practical purposes, it is the same as if the Equitable Company had been in Parliament, and had introduced into its Act all those provisions that were introduced into the Chartered Company's Act?—Yes, for all practical purposes.

3628. Those are now made applicable to the Equitable by the amalgamation?—Yes.

3629. As to those companies that are now subject, if we may so call it, to these auction clauses, a great deal has been put to you as to whether they have been made liable to those clauses by the decision of Parliament, or not; those companies had come to Parliament, and had applied for incorporation or new funds, or some matter of that kind?

3630. Sir Edmund Beckett.] He says that he does not know anything about them?—I know about a good many of them.

3631. Mr. Cripps.] When they come to Parliament, whatever they ask for or seek from Parliament may be granted to them on certain conditions, or refused altogether?—Yes.

3632. Then if it is intimated to them that the terms and conditions upon which they get what they want are the acceptance of those clauses, it is not necessary for the Committee to say absolutely, you shall put in those clauses?—No, and it is too bad to assume because a company do not withdraw their Bill, because they do not refuse to accept it, therefore they are assenting parties; that is virtually what is put to me, that because they accepted the Bill therefore they are assenting parties.

3633. In the cases you mentioned the introduction of these clauses was resisted by the companies?—Yes, it was most vigorously fought and fought to the bitter end.

3634. Then the result would have been that if the companies after that fight had not accepted those clauses their Bill must have gone?—Yes.

3635. That is the only thing the Committee would have to decide then, whether the Bill should pass or not?—Yes.

3636. They give no decision about the particular matter of the clauses as a matter of course?—No.

3637. Chairman.] As to this dispute about the interpretation of the Act with regard to the London companies, if there had been no Committee investigating the matter this year how could that dispute have been settled; what tribunal would have settled it?—I think any one stirring in it would have had to have acted under legal advice; I do not think I am competent to say.

3638. You do not know whether they would have applied to any court of

of law or to the Commissioners?—The Commissioners would have no power at all.

Mr.
G. W. Stevenson.
10 June 1876.

3639. *Chairman.*] As regards the issue of capital several questions have been asked you with regard to the one million that the Chartered Company got power to issue under the Act of 1872. I think I understood you to admit, whatever might have been the policy or impolicy of that provision of that Act, yet that in respect of the shares which are already issued there ought to be no attempt to interfere with the dividend?—That is what I said.

3640. But with regard to the half million which is unissued you think it would be fair to bring in a fresh arrangement in respect to dividend upon that?—I think it would.

3641. But do you not suppose that persons who have been buying shares of the Chartered Company since 1872 would have done so with the notion that every share that they bought was bought under the conditions of that Act, and that unless the directors thought fit to issue at 5 per cent. what they had power to issue at 10 per cent., which the shareholders might naturally expect they would not do, they would get their *pro rata* share of the half million unissued?—Those shareholders who know and understand these things would naturally look forward, in course of time, to having the other half million appropriated amongst them; but the great bulk of the shareholders do not look to that, and they have no real interest, at present, in the matter.

3642. You think it was, in the interests of the consumers, an unnecessary improvident provision of the Act of 1872?—I do indeed; it was entirely without precedent.

3643. Putting aside the question as to whether there ought to be any interference with the half million which there was power to raise, but which is still unissued, you are clearly of opinion that there ought to be no such provision with respect to further capital to be raised?—Yes.

3644. You used the term *guaranteed dividend* once or twice, and you said you thought the dividend guaranteed under the Act of 1868 ought not to be interfered with; how do you consider that that dividend was guaranteed?—By the revision clauses; by the power which the company has to apply in the month of January for such a price as will enable them to pay their maximum dividend.

3645. That is what you have meant when you have used the words *practically guaranteed*?—Yes.

3646. Turning to the 68th Clause, combined with the other Clauses of the Act of 1868, am I not right in supposing that that merely means that the Commissioners are to give them an increase of price over 3*s.* 9*d.* if they cannot, with the exercise of due care and management, pay 10 per cent. dividend at 3*s.* 9*d.*?—Yes, that is so.

3647. Then I am not to understand your answer about guarantee to mean that they were guaranteed a dividend of 10 per cent. unless they used due care and management?—No, certainly not; but that is in the discretion of the Commissioners.

3648. But if I am told that I am guaranteed 10 per cent. upon an investment of money, that is a different thing from telling me that I am guaranteed 10 per cent. if I do something?—Yes, undoubtedly.

3649. Therefore the reason why you put in the word “practically” is because you consider that the revision clauses do, in fact, give them this 10 per cent. whether they do or not use due care and management?—I conceive they do; I showed to the Commissioners how the Chartered Company were selling less gas per ton of coal carbonized, were making less gas per ton of coal carbonized, than some of the companies.

3650. We have had the evidence of the engineer of the South Metropolitan Company, and putting aside the advantage which the consumer dealing with the South Metropolitan has in their not having to earn so much money out of their price for dividend as the other companies, it appeared from his evidence that the whole cost of producing gas was much smaller with the South Metropolitan than in the case of the Chartered Company?—Yes.

3651. How do you account for that?—I cannot account for it at all, except in the way in which I sought to account for it before the Revision Commissioners, and that is that the Chartered Company made some

Mr.
G. W. Stevenson.
10 June 1875.

great mistakes in constructing their Beckton works; that they were not able to get their retorts heated to the proper standard; and that they failed to get the quantity out of the gas that they ought to have got. I will just show how a well-worked company carries on its undertaking, and how an ill-worked company carries on its undertaking. I have just extracted from the books the following: "The Chartered Company in 1869 sold 8,251 feet from every ton of coal carbonised; in 1874 they sold 8,154 feet from every ton of coal carbonised; in 1871 they sold 8,118 feet from every ton of coal carbonised; in 1872, when the company's Beckton works got into operation, they sold 7,725 feet from every ton of coal carbonised; in 1873 they improved a little, and they sold 8,060 feet from every ton of coal carbonised; in 1874 they sold 8,816 feet from every ton of coal carbonised; so that it improved vastly in the last year. Take the Ratcliff Company; this is what I call good management: In 1869 they sold 7,506 feet from every ton of coal carbonised; in 1870 they sold 8,028 feet from every ton of coal carbonised; in 1871 they sold 8,871 from every ton of coal carbonised; in 1872 they sold 9,339 from every ton of coal carbonised; in 1873 they sold 9,340 from every ton of coal carbonised; in 1874 they sold 9,430 from every ton of coal carbonised.

3652. Those were facts all of which you could not produce before the Revision Commissioners?—Which I did produce.

3653. You could not produce the figures relating to 1874?—No, but up to 1873 I did produce them.

3654-5. Take the broad fact that you could produce two companies that were making their gas at a less price than the Chartered Company, what was the reason that the Commissioners nevertheless thought that the Chartered Company had the right to raise their price to the extent they gave them the power to raise it?—That is entirely within the breasts of the Commissioners. I cannot give any answer to that question.

3656. Mr. Birley.] The quality of the coal has a great deal to do with the question, has it not?—One company has not the same opportunity as another company.

3657. Chairman.] As regards the price of coal, it did not appear from the questions we asked Mr. Livesey, that that had much to do with it?—No, it depended more on the quantity of gas that the respective companies were able to sell in relation to the quantity of coal carbonised.

3658. It depended, in fact, on what is called thoroughly good management in the manufacture?—Yes, or in the words of the Act, due care and management.

3659. It is your opinion that the check which is given by the Act of Parliament, that is to say, the appointment of three gentlemen to give an increase of price unless a want of due care and management can be proved, by no means fills the place of the stimulus that would exist to induce a manufacturer to exercise due care and management if he suffered loss from the want of it?—I quite take that view of it.

3660. We will go to your 6th Clause. In the first place, I want to understand how it would work with the addition of 48 A. As regards 48 A, there is one point I do not quite understand. It says this excess of profit is to be put to the fund which you call a dividend deficiency fund, which is practically the same thing as a reserve fund?—Yes.

3661. But it is to go on accumulating at compound interest until it reaches one-twentieth, or 5 per cent. of the paid-up capital?—Yes.

3662. Is no part of that fund to be made use of to make up any deficiency in the dividend until it reaches one-twentieth of the paid up capital?—Yes, it may be drawn on from year to year before it reaches the one-twentieth; that is the intention of the words: "The dividends and interest arising from such fund shall also be invested in the same or like securities; in order that the same may accumulate at compound interest until the fund so formed amounts to a sum equal to a twentieth of the capital." But then the next clause will explain that I think: "If in any year during which the price charged by any gas company has not exceeded the maximum price, the profits of such company to be divided amongst the shareholders of such gas company shall not amount to the prescribed rate of dividend, such a sum may be taken from the Dividend Defence Fund," and so on.

3663. I understand your 6th Clause with your Clauses 48 A and 48 B would have

Mr.
G. W. Stevenson.
10 June 1875.

have this meaning, that the company could never charge more than 3 s. 9 d. to the consumer without suffering some loss in their dividend?—Yes.

3664. Did you give the proportion in which they would suffer loss compared with the additional price to the consumer?—It is about one-half. One penny increase would give the Chartered Company 17,000 l. odd; they would lose 5 s. per cent, in their dividend which would be equal to 7,775 l., so that they would lose less than half.

3665. As I understand the proposal, it means this: that they can never charge more than 3 s. 9 d. unless they get less than 10 per cent. dividend, but they are allowed to put the excess to accumulate in a certain way, so that there would be in your opinion a very strong probability that they never would lose their 10 per cent dividend?—That is so.

3666. Now I will call your attention to the letter to the Board of Trade. You are aware that Mr. Farrer, speaking on behalf of the Government, expresses disapproval of that stipulation in your 6th Clause, though without having before him 48 A and 48 B, and he says it would be better to have a sliding scale both up and down; what is your opinion upon that matter?—I dissent from the views expressed by the Board of Trade; there never yet has been a precedent in Parliamentary legislation for any trading company authorised by Parliament dividing more than 10 per cent., and I think it a great misfortune if such a precedent should be created in regard to gas in the metropolis.

3667. Putting aside the question of there being any precedent for charging more than 10 per cent., as far as regarded the sliding scale, it appeared to me that the precedent you produced to-day of the West Ham and Sheffield Acts were more in favour of the Board of Trade's proposition than the proposition in the Bill, for this reason; that one of the companies, I forget which it was, began at, say, 5½ per cent. ?—In one case.

3668. *Chairman.*] Whatever it was there was a certain price named, and the provision in the Act, was not that if that price should be exceeded they should have less dividend, but the provision was that they should have more dividend if that price was diminished?—Yes.

3669. Putting aside the 10 per cent., that is more in accordance with the Board of Trade's proposition than yours?—Yes, and I like the provisions in the West Ham and Sheffield Acts far better than the proposals of the Board of Trade.

3670. You made the remark that there it was the vendors' interest to get the price as low as possible; comparing the Board of Trade's proposition with your proposition, it seems to me that it would be more the interest of the vendors to get the price as low as possible by the Board of Trade's proposition than it would be by your Bill?—I think it would be.

3671. Because you hold out no inducement to the vendors' to put the price below 3 s. 9 d.?—No, there is no inducement to a further economy than would realise the statutory dividend. If the dividends are allowed to go both ways there is a direct inducement.

3672. When you use the word statutory dividend, do you mean a positive guarantee by statute?—No, I mean the dividend prescribed by Parliament, the limited dividend permitted.

3673. Turning to the point about the official hours of testing, you are of opinion that Mr. Heisch was wrong in interpreting the Act that the Company were merely required to furnish gas within the testing hours of the prescribed illuminating power?—I think he meant to say that the companies only rendered themselves liable to penalties if they did not supply gas of proper illuminating power within those hours, but I think the Chartered Company are under obligation to supply 16 candles minimum during the whole 24 hours.

3674. The difference of opinion upon that matter must entirely depend on the way in which you interpret those words, "subject to the provisions of this Act" in the 1868 Act?—Yes.

3675. You do not understand that that means the provision which limit the testing to certain hours?—No, I do not; the gas means the whole of the gas.

3676. It is quite certain that the penalty which is fixed for the breach during the testing hours would not apply to a breach during the non-testing hours?—Yes.

3677. But would not there be a possibility of a recovery of the penalty by civil action.

Mr.
G. W. Stevenson.
10 June 1875.

Witness.] It is left to the referees to prescribe when the gas is to be tested, and of course if it is only tested during three hours of the day, those three hours only can carry penalties.

3678. *Chairman.*] What I mean to say is this: I think it is agreed on all sides that unless it was discovered during the testing hours that there was not the illuminating power, the penalty attached in the Act would not apply. Does that imply that there could not be an action against the gas company for not giving the 16-candle gas during the day as they appear to be required to give by section 53?—Any consumer would stand a very poor chance of recovering.

3679. You have had a good deal of experience in the provinces about gas?—Yes.

3680. In several towns in the country they give more than 16-candle gas?—Yes, but that is in cannel districts,

3681. In Bradford I am told it is from 16 to 18 candles?—About 18.

3682. That would be on account of the greater mixture of cannel?—Yes.

3683. Is it your opinion that 16 candles is as much as you ought to aim at in London?—I think so.

3684. You feel that the consumers generally would rather get an advantage in price than in increased illuminating power?—I think they would. In Yorkshire you are not dependent on Scotch cannel, but you get bituminous shale which is found in Yorkshire, and which answers the same purpose.

Friday, 11th June 1875.

MEMBERS PRESENT:

Mr. Birley.
Mr. Thomas Brassey.

Mr. Bristowe.
Mr. John G. Talbot.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

11 June 1875.

Chairman.] Now that the promoters have finished their case, I wish to say a word on behalf of my colleagues and myself. While we are determined to give every attention to the arguments on either side, we are naturally anxious to save the time of all concerned as much as we rightly can, and therefore, as we have formed a unanimous opinion adverse to one of the proposals of the promoters, and that an important proposal, we think that we may as well make this statement before we hear the opponents. The proposal to which I refer is that embodied in the 6th clause as it stands, to which the Government have stated both to the House of Commons, through the Chancellor of the Exchequer, and to us by the letter of the Board of Trade, that they cannot agree. Notwithstanding these statements of the Government, we have thought it to be our duty fully to consider the arguments alleged in support of this clause; but neither these arguments nor the evidence have convinced us that it would, under present circumstances, be either fair to the producers, or advantageous to the consumers, to fix a price above which the dividend should be diminished, while below that price it could not be increased. We do not think that the objections to this proposal are removed by the clauses allowing an accumulation for a deficiency dividend fund, which have been introduced into the Bill since the second reading. At the same time we wish it to be clearly understood, that we give no opinion upon the preamble of the Bill, or upon any of its clauses except those which I have mentioned, and also that we give no opinion with regard to the suggestion in Mr. Farrer's letter that the 6th clause should be replaced by a sliding scale, providing not only that dividends should fall as prices rise, but also that prices should fall if higher dividends can be earned. We understood Mr. Cripps to state in his opening speech that the promoters, while preferring their own proposal, would not oppose this suggestion, and one of their principal witnesses, Mr. Livesey, has strongly advocated it, and especially on the ground that it would stimulate the companies to sell gas at a lower price to the consumers. One reason, however, why I now make this communication is, that we think that it would be convenient if the promoters could inform us more precisely how far they are now willing to adopt this suggestion. Mr. Cripps, I doubt not, will give us information on this point after consulting his clients; but I hardly need say that we reserve our own opinion on the suggestion until we have had the advantage of not only hearing the opponents, but of hearing any witnesses whom we may ourselves think it right to call.

Mr. Cripps.] Probably, sir, under these circumstances you will expect me to make a statement on Monday morning.

Chairman.] That is quite as early as we can expect it.

Sir Edmund Beckett was heard to address the Committee against the preamble of the Bill.

Monday, 14th June 1875.

MEMBERS PRESENT :

Mr. Birley.
Mr. Bristowe.

Mr. John G. Talbot.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

14 June 1875.

Mr. *Cripps* stated that the Promoters of the Metropolis Gas Companies Bill, having regard to the expression of opinion of the Committee to which the Bill had been referred, and being strongly impressed with the necessity for the repeal of the Revision Sections, were willing to insert in the Bill clauses regulating the supply of gas by a sliding scale of price and dividend, as suggested in the Board of Trade letter of 3rd May 1875 :—

A short adjournment took place for the purpose of enabling the Promoters to draw a clause embodying what had just been stated by Mr. *Cripps*.

The following Clause was then handed to the Chairman by the Promoters :—
“The standard price to be charged shall be for common gas 3 s. 9 d. per thousand cubic feet, and for cannel gas 4 s. 9 d. per thousand feet; provided that a gas company may increase or diminish such standard price, subject to a decrease or increase in the prescribed rate of dividend, as defined by this Act, to be calculated as follows; For every penny or part of a penny charged in excess or in diminution of such standard price in any year, the said prescribed rate of dividend shall for such year be reduced or increased by 5 s. in the 100 l. per annum. And the provisions of this Act shall with respect to such year be read and have effect as if the prescribed rate of dividend so reduced or increased had been therein mentioned instead of the prescribed rate of dividend.”

Sir *Edmund Beckett* concluded his address to the Committee.

Mr. *James St. George Burke*, q.c., sworn; Examined by Mr. *Venables*.

Mr.
J. St. G. Burke,
q.c.

3685. You are one of Her Majesty's Counsel, and you have been for many years a Director of the Imperial Company?—Yes.

3686. At one time you were Governor of the Company?—Yes.

3687. You also, having a large practice at the Parliamentary Bar, were for many years familiar with all the circumstances of gas legislation?—Yes.

3688. Of course you are well acquainted, as a Director and a former Governor, with the working arrangements of the Imperial Company?—Yes.

3689. Who is your principal officer having the administration of the company?—We have a head engineer; we have four large establishments in different parts of London, and we have one head engineer who superintends the whole, there being an assistant engineer at each of those establishments.

3690. Those are Fulham, St. Pancras, Haggerston, and Bromley?—Yes.

3691. Without troubling you with the figures there is a very large production of gas at each of those establishments?—Very large indeed: we sent out on one night last winter 23,000,000 cubic feet of gas.

3692. That production is distributed not quite equally amongst those four different establishments?—Yes, that is so.

3693. Do you keep the accounts of the four establishments separately?—Yes, they are all kept separately and compared one with another.

3694. Who has the control of the purchase of coal?—We have the best advice we can get from all our officers; but, practically, it is always referred to what we call the Works Committee, a committee of the directors.

3695. Who get the best information they can on the matter?—They get all the information they can; we have coal agents on the Coal Exchange to whom we refer for advice, and we have communication with the large coalowners in the country, and we ascertain in the best way we can the market price of coals everywhere.

3696. Do you buy by tender?—We always buy by tender; sometimes if we know that coals are bearing a certain price in the market, and people came and offered us something lower we should take it; but, as a general principle, we advertise for tenders for coals. Our consumption is so large that the great coalowners are all anxious to compete among one another for our supply.

3697. The result of that is, that you make contracts?—We make contracts.

3698. You advertise for tenders?—We advertise for tenders, or write round to all the large coalowners.

3699. For what term are your contracts made?—I think we make them for six months. We cannot by possibility make contracts for a shorter time. We must look ahead with them.

3700. It was stated by Mr. Livesey that for the South Metropolitan he was in the habit of buying coals in parcels as they were found in the market; would that be practicable with your large establishment?—It might be done with a small company.

3701. Mr. Venables.] In answer to Question 1452, he says that a large customer ought to be able to buy cheaper than a small one. However, I will alter the question. Whatever Mr. Livesey does for the South Metropolitan, would it be practicable for you, or prudent for you, to buy coals otherwise than by contracts extending over a very long time?—If it were practicable it would be very imprudent. We must, of course, have a large store of coal on hand at all periods of the year to supply the enormous district we have to cover, and of course, if we were only to buy coals from hand to mouth we never could be sure of having that large supply; it would be impossible.

3702. Of course, taking your contracts for some time beforehand, you pay dearer than the market price if coal falls; and you pay less than the market price if the price of coal rises?—Precisely so. When the price of coals went up rapidly we were gainers. We had contracts then at a lower price than the market price. We must take the chance of a rise or a fall. We must look ahead, and have a large quantity of coal provided.

3703. In addition to those large contracts, you make shorter contracts for small quantities?—Yes, as occasion arises from time to time.

3704. Do you happen to know the quantity that is carbonised per day in the winter?—I cannot give you the exact figures; we use something like 200,000 tons a year, or more than that; it used to be that. I have not gone into those figures; the engineer will give you those details, but it is something between 200,000 and 300,000 tons a year.

3705. Your consumption is on so great a scale that you could not carry on your operations prudently otherwise than by contracts extending over a certain period of time?—Certainly.

3706. Have you establishments for analysing and reporting on the quality of the coal?—Yes; whenever any new description of coal is offered to us, before we make a contract for it we have it thoroughly analysed to ascertain the quantity of gas it makes, and the quantity of coke it leaves.

3707. That is as regards coal from any new colliery?—Yes.

3708. As to coal under contract, is that tested from time to time?—Yes, the coal under contract is tested from time to time; there are certain qualities of coal which we are pretty familiar with, and they are not over and over again tested.

3709. You said that separate accounts were kept at your four establishments, and you said that those accounts were compared?—Yes; we make our different establishments as it were competitors one with another to see which does the work best.

3710. How often are those accounts sent in from the four establishments?—They are sent in weekly.

Mr.
J. St. G. Burke,
Q.C.

14 June 1875.

3711. Are they sent in in such a form that they can be compared conveniently?—Yes.

3712. And the result is that you maintain a competition between the establishments in economy?—That is practically the result. We have a Committee of Works that meets regularly every week at one or other of those establishments, and we have the whole accounts before us, and if we find any great discrepancy between one establishment and the other, we go into the causes of it, and if anything is wrong we endeavour to rectify it.

3713. Have you a separate staff for the distribution of gas?—A very large establishment.

3714. Who is at the head of that department?—We have a head inspector, a gentleman of very great experience. He has all the sub-inspectors under him, and all the lamplighters, and others. He undertakes the general distribution and ascertains where new mains are required, and whether old mains require altering, and so on.

3715. Would it be part of his duty to watch the demand?—That is a great part of his duty. When the consumption is increasing in particular neighbourhoods we often have to alter the capacity of the mains to adapt them to the distribution.

3716. And he has also to watch the regulating of the pressure for supply?—Constantly. That is referred to the Committee of Works. They have the pressure registers laid before them showing the pressure in every district. There is a self-acting machine regulating the pressure throughout the whole district.

3717. Is it the duty of the chief inspector to bring before the committee all matters bearing upon the pressure?—Yes, and if he finds anything wrong it is his duty to draw our attention to it.

3718. To whom are referred complaints relating to supply and distribution?—To the committee. They come generally through the inspectors if there are complaints; sometimes there are letters directed to the committee. We have local inspectors, and generally if anything is wrong those inspectors bring it under our notice.

3719. Do you in addition to comparing the expenses of your own establishments, compare your expenses with those of other companies?—Not habitually; we do not have the accounts of other companies always before us, but we have a general knowledge of what is going on.

3720. Do you consider their half-yearly accounts?—Yes, we have them generally before us. I do not say that we go into them in detail, but we have a general knowledge of them. Our accountant, Mr. Field, is a gentleman of very great experience, and he generally draws our attention to those matters.

3721. Mr. Field, who prepared the tables which have been laid before the Committee, is your accountant?—Mr. Field is our accountant, and he is a man of as much experience in gas matters as any man in the kingdom.

3722. If any economy or useful change effected by any other company was brought under your notice, I suppose you would consider it with a view to adopting it if it seemed desirable?—No doubt of it; and not only by other companies, but we have gone to the expense, at different times, in trying methods suggested by various persons for the purpose of improving our works in various ways. We have never failed to investigate anything that appeared to be calculated to improve our works.

3723. Mr. Livesey said that the companies had no motive for studying cheapness; will you tell me what the feeling of your board is about that question of cheapness and improvement of management?—All I can say is this: During the number of years that I have been a director of the Imperial Company, which, I am sorry to say, extends to nearly 30 years, I have never known but one principle govern it, viz., to try to sell the best gas you can, at the cheapest rate, with the view to increase your custom.

3724. If you got no other advantage besides the satisfaction of doing your duty you would think it was an additional security to your property?—That is so; we have maintained our property as a very successful investment by adopting that course universally.

3725. I suppose also it is not willingly that the directors at any time proceed to raise the price of gas?—We never have increased the price of gas till that abnormal

abnormal rise of coal took place, which necessitated a rise in the cost of everything; not only gas, but everything. I do not suppose there is any gentleman in the Metropolitan Board of Works or in the Corporation of London who did not raise the price of his commodities from the same cause that we were obliged to raise the price of gas.

3726. You find, in practice, that it is not a very pleasant thing to raise the price, even when you are obliged?—Of course it creates dissatisfaction, and it is the sole cause of this Bill. If it had not been for that abnormal rise in the price of coal you never would have heard of this Bill; that was a cause over which we had no control.

3727. Is it possible, except at a sacrifice of the property of the company, to maintain, when coals are high, the same price which is remunerative when coals are low?—The answer is obvious. Coals are the staple of our manufacture, and of course the price of our manufactured article must depend on the cost of the staple out of which it is made. It is so self-evident that the question hardly requires an answer.

3728. And Parliament, at least, has always acted on that assumption, that it is impossible or unjust to maintain an equality of price when the price of coal varies?—The first occasion upon which Parliament intervened in this question was when it passed the Metropolis Act of 1860, and then the Committee, in fixing the price, saw at once that circumstances might arise which would render an increase of that price fair and just, and therefore they inserted the increased price.

3729. When did your company first come under the limitations as to price and illuminating power?—In 1854.

3730. The General Gas Clauses Act having been passed in 1847?—Yes.

3731. *Chairman.*] When was your company first established?—In 1821; but at that time gas was not so well understood as it has been since. The company were unlimited as regards their price, or their dividend, or their illuminating power. They were told, "You can make what gas you like at what price you like," and they were encouraged to lay out their money in what was then a large speculation. The gas company for years failed to make any dividend. They afterwards made very small dividends, and they gradually increased in prosperity. In 1847 the General Act was passed in which it was enacted that all companies thereafter to be established in England for the supplying of gas or water should be limited to a 10 per cent. dividend, with a provision that, on attaining that 10 per cent. dividend, they should reduce their charge to the public, but, at the same time, that they should lay by a reserve fund amounting to 1-10th of the capital, to secure the maintenance of their dividend.

3732. That was applicable to pay the back dividends which had fallen short of the maximum?—Yes.

3733. *Mr. Bristowe.*] Is that the Gas Works Clauses Act?—Yes.

3734. *Mr. Talbot.*] Can you tell us how many years it was that the Imperial Gas Company paid no dividend?—No, I cannot; it was long before I joined; but I know the fact historically. When I joined the company (I forget exactly the period), I think we were dividing under 6 per cent.; we were making more, but we were in the habit at that time, very erroneously, as I think, of applying the surplus over 6 per cent. in enlarging our works. I believe I was the first when I joined to point out that that was a very improper mode of proceeding, and that we ought to go to Parliament for an Act, which we did in 1854, to double our capital.

3735. *Mr. Venables.*] To complete what you said about the Gas Works Clauses Act, I think there was no clause in that Act which affected the existing companies until they subsequently applied to Parliament?—Certainly; it was with reference to future companies.

3736. In 1854 you applied to Parliament?—In 1854 we applied for an Act to double our capital; that Bill was very strongly opposed by the vestries in London, and they were led by a very able gentleman in those days, Sir Benjamin Hall (afterwards Lord Landover), who represented Marylebone. We had a very long contest, and eventually a series of clauses were settled to the satisfaction of Sir Benjamin Hall and all the vestries, and they were embodied in our Act of 1854,

Mr.
J. St. G. Burke,
Q.C.

14 June 1875.

Mr.
J. St. G. Burke,
Q.C.
14 June 1875.

which was considered from that time a kind of model act for the gas companies.

Chairman.] That Act we ought to have before us.

(*A copy of the Act was handed to the Chairman.*)

3737-8. *Chairman.*] Did that Act give you a district, or release you from competition?—No.

Witness.] It did not give us an exclusive district.

3739. *Chairman.*] You had a district, outside the limits of which you could not work, but within which there might be competition?—Yes, and there was competition; the London Gas Company was competing with us to a considerable extent, and one or two others, I think.

3740. Mr. *Venables.*] How many years did that competition last?—To 1857.

3741. Beginning at what time?—From an early period; Parliament encouraged the system of competition.

3742. You found the system of competition existing when you joined the Board?—Yes; competition existed, and competition came afterwards.

3743. What dividend did you get during this competition?—Fully 10 per cent.

3744. Did both companies get 10 per cent.?—No; our competitors were not so lucky as we were. We got our 10 per cent. notwithstanding the competition; we did not care for competition. According to Mr. Robert Stephenson's axiom, where combination is possible competition is impossible.

3745. Still that competition must have gone on for some years?—Yes; but we determined not to undersell each other.

3746. It ceased to be a practical competition?—Prior to 1857 the companies were wise enough not to cut each other's throats.

3747. Of course you had to incorporate the Gasworks Clauses Act in 1854?—Yes.

3748. Which limited your dividend, and subjected you to its provisions?—The Act of 1854 said this: For the future you shall divide only 10 per cent.; at the same time that you only divide 10 per cent., you may have a reserve fund to maintain that dividend equal to 10 per cent. of your capital.

3749. Sir *Edmund Beckett.*] To pay back dividends?—Yes.

3750. Mr. *Venables.*] Was there a limit of the number of years for which you might pay back dividends?—No; for any number of years in which we had paid a dividend less than 10 per cent.; if after 1854 we made more than 10 per cent., we might apply the surplus to making up the arrears of past dividends.

3751. In 1857 the gas companies in London came to an agreement among themselves to have separate and exclusive districts?—Yes, we came to this common-sense agreement. It was quite manifest that having two or three pipes in the same street to supply consumers who might be adequately supplied by one pipe was an enormous waste of capital, and was subjecting the public to the constant breaking up of the streets in a useless manner; it was not only a loss to the companies, but an inconvenience to the public, and, therefore, we determined that we would not be so foolish as to carry on that system any longer.

3752. I dare say you remember the different agitations that took place, and the Committees which sat upon this question between 1857 and 1860?—Yes.

3753. *Chairman.*] Before you go to that which is the clause in your Act which limits you to a 10 per cent. dividend, and gives you the power you referred to with regard to back dividends?—It incorporates the general Act.

3754. Mr. *Venables.*] That Act of 1854 defined your illuminating power?—It defined our illuminating power for the first time; it said you shall give an illuminating power of 12 wax candles.

3755. Which is less than 12 sperm candles?—Yes.

3756. It limits the price?—The price in 1854 was limited to 6s.; all that was settled to the satisfaction of our great customers, the vestries, who represented the consumers in that district.

3757. After that time you remember an agitation which extended over the

years 1857, 1858, and 1859, I think?—Yes, I do. There was a great cry about monopoly, and consequently there was a considerable agitation, and efforts were made to regulate the gas supply. Practically, the companies gave themselves a monopoly; they did not get it from Parliament.

3758. I think in two or three successive years there were Committees that sat on the question?—Yes.

3759. And finally, in 1860, the Act which still regulates some of the companies of the metropolis was passed?—Yes; there was a meeting which I attended myself before Sir George Cornwall Lewis upon the subject, and Sir George Cornwall Lewis expressed himself most strongly to this deputation; that the proper way of supplying London was by a well-regulated monopoly.

3760. There was a Bill then brought in by certain persons, and which was ultimately adopted by the Metropolitan Board?—Brought in by the vestries; the vestries initiated the Bill, and it was referred to a Committee presided over by Mr. Sotheron Estcourt. A long inquiry took place, which resulted in the passing of the Metropolis Gas Act, which now governs all the Metropolitan Gas Companies, and is a very good Act.

3761. You mean it governs all those companies, except those which came in subsequently?—Yes, it applied to all the gas companies in London at the time.

3762. That Bill was not promoted by the companies but promoted against the companies?—It was promoted adversely to the companies, and as far as the Imperial was concerned, it contained nothing but restrictions against them.

3763. That Act gave you no benefit but what you had already practically got by agreement?—It did not. We were at that time paying 10 per cent., but what that Act did was this: It said, You are now authorised to charge 6 s., we will limit you to 4 s. 6 d.; you now have the right to supply gas of only 12 wax candles, we will raise the standard two candles; we will prevent you paying back dividends for more than six years. We will compel you to supply hereafter gratuitously all services which you have supplied heretofore at a charge. We will make a supply obligatory upon you; you shall supply your district at the call of everybody and you shall furnish your accounts to the Secretary of State; and there shall be a public auditor to examine them. We came under those provisions for the security of the public in 1860, and they have proved sufficient.

3764. There were also some detailed provisions for examining the quality of the gas?—Yes, there were as to the purity of the gas.

3765. And also there was power to the ratepayers, at a small charge, to have an inquiry into the figures?—Yes; it was one of the most carefully prepared Acts, and it was as efficient an Act as it could possibly be required to be.

3766. Before that Act was passed you were entitled to charge 6 s.?—Yes.

3767. You were by that Act limited, as an ordinary rule, to 4 s. 6 d.—Yes, with a power to rise to 5 s. 6 d. under exceptional circumstances.

3768. But subject to an appeal if the local authorities objected?—Yes.

3769. Mr. Talbot.] You say that was opposed by the companies?—Yes, we were heard before the Committee.

3770. Mr. Venables.] You are not to exceed 4 s. 6 d. by Section 40, unless there has been such an increase in the cost of gas, or any other circumstances affecting the Company as will warrant such advance?—Yes.

3771. Then you have to give notice, “and if any local authority dissents from the alteration it shall be determined by arbitration in manner hereinafter specified,” which is by an arbitrator to be appointed by the Secretary of State?—Yes, the result would be this, if as in 1873, owing to the great rise in the price of coal, we find it absolutely essential to increase the price of gas, we must give notice of our intention to do it. If the Board of Works or the local authority had any case they might go to arbitration and say, “You shall not raise your price.”

3772. Chairman.] You say the companies opposed this Act; you have told us what the Act finally enacted; do you remember how far the companies succeeded in getting the Bill altered to their mind?—I do not recollect that.

Mr.
J. St. G. Burke,
Q.C.
14 June 1875.

3773. Do you remember any particular provisions proposed by the promoters in the original Bill which the companies resisted and got altered?—I do not recollect the details; the promoters, no doubt, tried to get all they could out of us.

3774. Mr. Venables.] In the Preamble you got recognised the expediency of each Company confining its supply to a separate district?—No doubt we got that with the condition attached to it that we should fulfil the obligations imposed upon us.

3775. You are obliged on the requisition of any local authority to lay down a main in the street?—Yes, that is why we are here with a private Bill. We have a Bill to raise our capital; we do not want the Bill except to fulfil our obligation. That Act says you shall supply every district; if Parliament will relieve us of that obligation we should be glad to withdraw that Bill.

3776. Mr. Venables.] Do you remember this, whether in the Bill as originally brought in, that recital of the expediency of having exclusive districts was included; my impression is that you put in the words yourself?—It may be so. Mr. Richards, who knows more about it than I do, says so; I cannot trust myself as to the details of what took place in that legislation.

3777. There are various provisions in the Act of 1860 for enabling complaints to be made in the proper quarter with respect to any breach of the Act. As far as your Company is concerned, do you know of any such complaints having been made while you remained under the provisions of the Act of 1860?—Never; I believe we complied with every obligation imposed upon us as strictly as it could be complied with.

3778. Chairman.] Did you lower the price between 1860 and 1868 or 1869?—Yes, we did; between 1860 and 1866, in fact. We had got a reserve fund, and having a reserve fund, we could afford to reduce the price with the certainty that if it reduced our dividend we could make it up, and therefore we risked a very large reduction, which we should not have done if we had not had a reserve fund; practically, the result was this, that between 1860 and 1866 we reduced the charge to the public to the extent of 50,000 *l.* per annum.

3779. Mr. Venables.] I think it would be advisable to have the dates at which you reduced the price?—I can give it you, or Mr. Field will be able to give it you; but I know that we reduced the price to the extent of 6 *d.*, from 4 *s.* 6 *d.* to 4 *s.*, and our supply is so large that every penny now represents something like 12,000 *l.*; it then represented something like 9,000 *l.*; therefore, by reducing the price 6 *d.*, we gave 54,000 *l.* to the public under the clause of the Gas Act compelling us to reduce our price when we had 10 per cent. dividend.

3780. This will give you the dates of the reduction (*handing a paper to the Witness*)?—Up to 1865 we charged 4 *s.* 6 *d.*, from 1865 we began to charge 4 *s.*, in 1866 we charged 4 *s.*, and down to 1869 we charged 4 *s.*; in 1870 we charged 3 *s.* 9 *d.*, and in 1871 we charged 3 *s.* 8 *d.*

3781. To the *Witness*.) The only operation of the Act of 1860 on the reserve fund, was to limit the number of years for which you were entitled to make up back dividends?—Yes; it allowed us to maintain 10 per cent. of our capital as a reserve, but it did not allow us to make up any back dividend beyond a period of six years.

3782. Does that Act contain any provision in favour of the companies which they did not enjoy before, except that legalising of the districts?—Not one that I know of; as far as my company is concerned, they were all restrictions.

3783. And those restrictions, I may say, included limitation of profits, compulsory supply, increased illuminating power; under that Act you were raised from 12 wax candles to 12 sperm candles, and you were subjected to new tests of purity?—Yes.

3784. Your price was reduced from 6 *s.* to 4 *s.* 6 *d.*, and there were heavy penalties for certain breaches, I think?—Yes.

3785. There were provisions with regard to an official examiner, testing apparatus, inspection, power of consumers to demand a report, and power to the magistrates to convict if they could make out a case; the Home Secretary had

power

power to order an inquiry, and there was a power to direct the Attorney General to prosecute?—Yes; you have left out one item; that is the charge for services that were to be given gratuitously for the future.

3786. All the other provisions, if there were any other provisions, were against the companies, except legalising the districts?—Yes.

3787. Which districts they already practically enjoyed?—Yes.

3788. Mr. *Bristowe*.] Was it in 1860 that you had the power to go back six years?—In the Act of 1860.

3789. *Chairman*.] With regard to back dividends, that Act limited it to six years; did that practically make any difference; have you ever gone back six years?—No; I do not think we had.

3790. Mr. *Venables*.] It appears that in 1865 you first reduced your price to 4 s.:—Yes.

3791. In 1866, I believe the City of London revived the agitation?—Yes; the circumstances were these; the City of London had encouraged the establishment of what was called the Consumers Company in the City; the Consumers Company agreeing to sell gas at 4 s., which at that time was considered a low price; after they were established, they found that they could not sell gas at 4 s. with a fair profit; and when the Act of 1860 passed, they determined to take advantage of the provisions of that, which said that gas thereafter might be sold in London at 4 s. 6 d., and they raised their price to 4 s. 6 d. The Corporation were furious about it, and they said, you have got an Act limiting you to 4 s. which was the bargain you made with us as a Consumers Company, in the interest of the consumers, and they instituted proceedings at law against them, but the legal tribunal determined that the company was in the right; then the Corporation of London were so irate that they determined to bring in a Bill of their own to compete with their own pet company, the Consumers Company.

3792. That was called the Great Central Company, I think?—It was called the Great Central Company; that was established as a Consumers Company to sell gas cheap for the benefit of the consumers; they raised their price from 4 s. to 4 s. 6 d.; and then the Corporation said, now we will have works of our own to compete with you our own pet company; that was the whole cause of the agitation against the Metropolis Gas Act of 1860.

3793. That Bill I believe was referred to a Committee of 12 members, who were instructed to inquire into the operation and results of the Metropolis Gas Act?—Mr. Crawford, who was the Member for the City of London when that Bill was brought before the House, made a motion that the same Committee which investigated that Bill should inquire generally into the operation of the Metropolis Gas Act; therefore, that made it a metropolis gas inquiry, instead of an inquiry into that particular Bill.

3794. That was the Committee of which Sir John Trollope was Chairman?—That was the Committee of which Sir John Trollope was Chairman in 1866.

3795. At that time did that Committee enter into an inquiry, according to the instruction given by the House, as to how far the companies had complied with the Act of 1860?—Yes, they did.

3796. They inquired whether they had regularly furnished a supply to the consumers, whether they had supplied the public lamps, whether they had kept the gas pipes charged, and other matters of that kind?—They made that inquiry, and they came to the conclusion, I believe, that the companies had strictly fulfilled all the obligations imposed upon them.

3797. *Chairman*.] Going back to the Act of 1860, I think you will see by the Bill, as it was brought in, that it limited you to 4 s., though what you got was 4 s. 6 d.?—I think it is very possible; no doubt they tried to get all they could; we were charging 4 s. 6 d. at the time, and the Committee limited the companies to charge that as a maximum.

3798. Mr. *Venables*.] The legislation was not in relaxation of the obligations of the company, but drawing the obligations stricter?—Yes.

3799. Before this Committee in 1866, the promoters were heard in full, with their evidence?—The promoters were heard in full, and then this took place. After the promoters' case had been heard, we said, we will make these concessions

Mr.
J. St. G. Burke,
Q.C.
14 June 1875.

sions to you; if you think fit, after hearing what has been made out on the other side, we will agree hereafter to 4 s., instead of 4 s. 6 d.; we will agree to give two more candles, and at the same time we will agree to a scientific tribunal who shall determine the exact amount of purity at which the gas ought to be sold. Those being the limitations we were willing to come under, the Committee accepted them, and they said we are satisfied, and thereupon we said if you are satisfied we will give no more evidence. I myself was counsel in the case, and I have here an extract from the notes of what took place. I said, mind distinctly, we only refrain from calling any more evidence to rebut that which has been given on the other side, on your acceptance of these terms from us.

3800. I think Mr. Baxter had been examined at the time that that offer was made?—Yes, we had a room full of witnesses to rebut a great quantity of the absurd evidence which had been called against us, but we never called them. I have here exactly what passed upon that occasion. This is extracted from the printed Report of the Proceedings before the Committee. “After the conclusion of Mr. Baxter’s evidence, and some conversation between the Chairman and the counsel for the companies, the Chairman states as follows: *Chairman.*] I confess so far as I can gather from the Committee, they are satisfied so far as the evidence has gone, and I think you may be prepared to leave the case in their hands. *Mr. Burke.*] (Counsel for the Companies). Only just let me state this, which shall go on the notes. Receiving that information from the Committee, we shall feel it our duty, of course, to limit our evidence in accordance with what has fallen from you. On the other hand, if we had not received any such intimation from the Committee that they were satisfied with our evidence, there being a large body of evidence brought forward on the other side, we should have felt it our absolute duty to rebut that evidence in order that the parties on the other side should not be able at their meetings and elsewhere to say, we have given a large body of evidence which has not been rebutted at all; but if we receive an intimation from the Committee, that is of course our guide as to the course we shall adopt. *Chairman.*] I think you concede most of the points to which the evidence has been directed in the concessions made by Mr. Hope Scott this morning.”

Chairman.] What you have just been reading is not in the Blue Book.

Mr Serjeant *Sargood.*] What the witness has been reading will be found in the Minutes of Discussion where the discussion is given more fully than it would be in the Blue Book.

Mr. *Venables.*] I find it on the 29th of May 1866.

Witness.] At all events what I am stating is what took place in the Committee; then I go on, “I do not know whether we go so far as the other side desire, but we have endeavoured to meet the case fairly by all possible concessions. We have endeavoured to meet all the objections made in a fair spirit.” “We have not felt the necessity of further legislation, for we believe the Act of 1860 has been sufficient, and we have acted in accordance with it. On the other hand, if you think the Act of 1860 insufficient, point out to us in what manner you think so, and we will meet you upon every point which will be consistent with fairness on both sides. *Chairman.*] You have done so on those points that the Committee did think that concessions were required, or through Mr. Hope Scott this morning. I have not taken the individual opinion of the different Members of the Committee, but I believe they are satisfied with those concessions. *Mr. Burke.*] If that be so, of course it is not our desire or our interest to proceed further.”

Chairman.] At all events we may probably take it on Mr. Burke’s statement, though it is not in the Blue Book.

3801. Mr. *Venables.*] Having examined or partly examined Mr. Baxter, you called no further witnesses?—We said, We have offered you certain concessions, and we do not propose to call any more witnesses, and having proposed those concessions, they were accepted by the Committee.

3802. After that the Committee made a Report?—Yes.

3803. Mr.

3803. Mr. *Venables* (to the *Witness*).] At any rate you have stated what occurred from your own recollection?—Yes, I have stated it from my own recollection.

3804. The Committee made a Report?—The Committee made a Report, and there was one great defect in their Report which was very detrimental to us, that instead of stating the concessions we had made for the reduction of price, and the increase of illuminating power, they simply said, We think the price ought to be reduced without saying to what extent, and we think that the illuminating power ought to be increased.

Mr. *Cripps*.] This would appear from the minutes. Did the Committee make the Reports after that statement had been made by Mr. Burke.

Witness.] They made it after.

Mr. *Venables*.] On the 15th May the Resolution is, "That the Metropolis Gas Act be amended to carry out the suggestion contained in this Report." That is adopted, but no doubt the Metropolis Gas Act was afterwards considered, though they had reported on the general question. The explanation was this: The Committee was sitting on two matters; there was the City Gas Bill, and there was the general question. The Committee reported about the metropolis gas question on the 15th May, but it must have continued its proceedings about the City Gas Bill afterwards.

Witness.] I am distinctly prepared to repeat what I stated before. After the proceedings had gone on to the extent of Mr. Baxter's evidence, we made three proposals to the Committee; first, that we would reduce the price from 4s. 6d. to 4s.; secondly, that we would increase the illuminating power from 12 candles to 14 candles; and, thirdly, that we would have a scientific tribunal for determining the purity of gas. Those terms were accepted by the Committee, and by reason of their acceptance we abstained from calling any further evidence.

3805. After you had so abstained from calling any further evidence, the Committee made the Report which has been already brought to the notice of the Committee?—Yes.

3806. And which in some respects was adverse to you?—It was adverse simply in that it did not define the extent to which the reduction of price should take place, or the increased illuminating power. Upon that our opponents, the Board of Works, founded this, that the Committee had simply determined that we were charging too much, and giving too little light, and that there must be new legislation, and it involved new and perpetual agitations by the Board of Works, in fact.

3807. *Chairman*.] What you want us to deduce from that is, that if you had been aware that the Committee were likely to make such a report as this, you would have tendered more evidence, and therefore have modified that conclusion?—Yes, the Report took us by surprise, but there is the Report, *valeat quantum*.

3808. Mr. *Venables*.] Either in consequence of that Report, or after that Report, there was another Bill brought in in 1867?—After that the Metropolitan Board of Works and the Corporation of London tried to set the Government against us, and then we had the peculiar Bill of 1867, invented by a gentleman of the Board of Trade, and brought in by the Government, and in 1867 the Board of Works and the Corporation of London both tried to induce the Government to introduce a clause in that Bill compelling the companies to sell their undertakings to them on a guaranteed interest of 6 per cent. instead of 10. That was rather too strong for the Government, and they would not do it; but there is a correspondence upon the subject, in which they said, compel them to sell out and get 6 per cent., and we will tell you why we think 6 per cent. is equal to 10 per cent.; because though the companies are entitled to 10 per cent. their business is so hazardous that we think 6 per cent. fair compensation for it. We can produce that correspondence.

3809. The hazard was entirely created by these very persons?—Yes; but the admission of hazard admits the fact that the company is entitled, as a trading company

Mr.
J. St. G. Burke,
Q.E.
14 June 1875.

company subject to hazard, to a larger rate of interest than if they had a secured interest.

3810. Mr. Birley.] Do you admit the hazard?—To a certain extent; next year there may be a fresh invention; we know that there have been three or four companies within the last few years started, with very fine prospectuses of gas improvements, and for making gas out of petroleum, and in a variety of ways. We have the electric light threatening us; and in the discussions of the Common Council they have said, Do not let us take upon ourselves such a hazard as this; one day we may find some new invention that will destroy their whole property.

3811. Mr. Venables.] The Government refused to entertain the proposal of reducing you from 10 per cent. to the purchasing price of 6 per cent.?—I should think so; the result would have been that persons instead of getting 100*l.* would have got 60*l.*

3812. In the Board of Trade Bill, when introduced, there was a sliding scale?—Yes, the result of that Bill was this, that the companies organised such an opposition to it, in fact, every gentleman who had a share in a gas company or a railway company, was interested in opposing the Bill, and we raised such an opposition that the Government said, we cannot carry the Bill, and we had a deputation to the Government. The Duke of Richmond was at the head of the Board of Trade, and he said, we will undertake, if you allow our Bill not to be thrown out on second reading, which we admit you can do, that no legislation shall take place against the gas companies to prejudice their financial interests, and upon that we allowed the Bill to pass the second reading.

3813. Chairman.] When you say the sliding scale was proposed, then it was to this effect, was it not, a dividend of 7 per cent. at a certain price?—We were to go down to 3*s.* 6*d.*

3814. It is the maximum price chargeable according to the prescribed scale; they were to get 7 per cent. at that price, and for every reduction of 1*d.* there was to be a dividend of a half per cent. more; it was a sliding scale downwards, not upwards?—Yes, we were to increase our dividend if we reduced the price.

3815. You were not to lower your dividend if you increased the price?—No.

3816. Mr. Venables.] What was the figure at which you were to begin?—3*s.* 6*d.*

3817. After you had received this assurance from the Government, that Bill was sent before the Committee, of which Mr. Cardwell was Chairman, was it not?—Yes.

3818. It ended in the Bill being rejected, but Mr. Cardwell's Committee made a Report?—Mr. Cardwell's Committee made a Report. We had a Bill the same year before Parliament for establishing new works.

3819. What became of your Imperial Bill?—We had to withdraw it. Mr. Cardwell said, we shall not give you any Bill unless you will come under the terms that we have proposed, which we thought so unfair that we said we would rather withdraw our Bill.

3820. Those were pretty much the terms imposed upon the Chartered Company in 1868?—Yes, in 1868 we re-introduced our Bill. In 1867 the Chartered Company, like ourselves, withdrew their Bill, but in 1868 they were in such a financial position that they could not get on in any shape without an Act of Parliament, and therefore they were obliged to subject themselves to Mr. Cardwell's terms, telling him at the same time, we think them exceedingly unfair, but our poverty and not our will consents.

3821. Leaving the Chartered Gas Company to explain that, the Imperial Company again preferred withdrawing their Bill to accepting the terms?—We withdrew our Bill, and we would have done the same again in 1869.

3822. And in 1869 your Bill was passed by a different Committee on different conditions?—In 1868, having withdrawn our Bill, I should tell you it was the fifth year of our trial to get Parliamentary powers to fulfil our obligations. I will tell you the history of this. In 1868 we found that our capital was insufficient to enable us to fulfil our Parliamentary obligations, and construct our works.

We

We acquired a large site of land on the River Lea, for the purpose of building our works, and we brought in a Bill to increase our capital. That Bill was referred to a Committee of the House of Commons, who took the trouble to go down to the spot, and to visit the locality; that Committee was presided over by Mr. Jackson. They passed our Bill on terms perfectly satisfactory to all our opponents, and not a word was heard from the Board of Works as the provisions they are seeking now. They were perfectly satisfied with the provisions of 1860, and our Bill passed with the unanimous concurrence of the House of Commons, and there was no opposition upon those points. The vestries were all opposing upon some minor matters; they were satisfied, and the Bill went to the House of Lords, practically as an unopposed Bill. When we got to the House of Lords we found that the Bishop of London, the present Archbishop of Canterbury, had taken some notion into his head that our works at Fulham would be prejudicial to his palace at Fulham, and, without any notice to us, he threw out our Bill by a majority of three, upon the second reading, nine bishops voting with him, and knowing about as much about the case as the man in the moon, without any inquiry, and there we were, after incurring the enormous expense of having bought the land upon the River Lea, and having got the unanimous consent of the Committee of the House of Commons, thrown out by those bishops without any inquiry at all.

Mr.
J. St. G. Burke,
Q.C.
14 June 1875.

3823. *Chairman.*] I suppose that was the fate of the only Metropolis Bill that ever passed through the House of Commons unopposed?—No; then the next year this took place. We reintroduced the same Bill; the Bill was sent to a Committee of the House of Lords first, and oddly enough, the Committee was presided over by Lord Llanover, who was thoroughly acquainted with all our affairs, having been Member for Marylebone in 1854; they passed the Bill unanimously, and there was no opposition.

3824. Not from the bishops?—We were obliged, in order to satisfy the bishops, to introduce a clause which restricted our power of extending our works at Fulham. The Woods and Forests introduced some clause satisfactory to them for the protection of Victoria Park; we were within a quarter of a mile of that park. When we got to the House of Commons, having passed the House of Lords unanimously, some æsthetic gentleman in the House of Commons objected to the Bill, on the ground that it would interfere with Victoria Park, and the Bill was thrown out on second reading, so that we were absolutely deprived of power to utilise the land purchased in the most admirable spot for constructing our works, and we were driven out of London to Bromley, to a less eligible spot. Then in 1867 we introduced a Bill for establishing ourselves at Bromley. Mr. Cardwell said, "We will give the Bill, with pleasure. We admit the fact that you want the money and the works; but if we do, you must come under these obligations." I was called myself then. I said, "We do not want the Bill if you will relieve us of the obligations; we are coming simply to fulfil duties imposed upon us," and they said, "We will not give you any Bill." Then we withdrew our Bill. In 1868 the same thing occurred. The Chartered Company were so weak, that they said, we will submit (I meant financially weak); I thought them weak in other respects as well, because I told them Mr. Cardwell's threat of establishing competing works in the hands of the Corporation of London was a mere *brutum fulmen*, and one he could never carry out; we withdrew our Bill.

3825. *Mr. Venables.*] There was this difference; there was a competing Bill of the Corporation of London, and no competing Bill touching the Imperial?—He could not have passed the Bill if there had been.

3826. In 1869 you did at last pass your Bill?—In 1869, having refused Mr. Cardwell's terms, we came before Parliament; we were referred to a Committee, and the Committee passed the Bill, but it was re-committed at the instance of the Board of Works, on the ground that they had not been heard. There was a special instruction to the Committee to hear the case of the Board of Works; they were heard fully before the Committee, and all they sought by evidence was that in our Bill we should adopt the Act of 1868 as a fair thing to the public, with the revision clauses; that is what they sought.

3827. They urged upon you a Bill including the revision clauses?—Distinctly. I have here Mr. Rodwell's speech upon the occasion; they came before the

Mr.
J. St. G. Burke,
Q.C.

14 June 1875.

the Committee, and they said Mr. Cardwell's decision is fair to both parties, and we ask you to adopt the Act of 1868 as applicable to the Imperial Company, with the revision clauses.

3828. Revision clauses were ultimately introduced?—Yes.

3829. Did a question arise about the reserve?—A very long question arose about the reserve; I was examined as a witness upon it, and I endeavoured to point out to the Committee that the reserve fund was a protection to the public as well as to the companies; it enabled us to make prospective reductions as to price, which we never should have made, unless we had had the reserve to fall back upon; it enabled us to maintain an equal price to the public, instead of a constant rise and fall which might take place otherwise.

3830. The justice of your view was illustrated afterwards, when you reduced your price from the maximum of 3*s.* 9*d.* to 3*s.* 6*d.*?—To 3*s.* 8*d.* The Committee proposed to us the 3*s.* 9*d.*; we said we were willing to try the 3*s.* 9*d.* charge instead of 4*s.*, as we previously proposed, and to take our capital at 7 per cent. instead of 10 per cent., which had been given to the Chartered; and after having done that, we voluntarily reduced our charge, under the clause compelling us to reduce, when we made 10 per cent., to 3*s.* 8*d.*

3831. In the last edition of the Bill there is a sliding scale introduced, sliding both ways?—Will you forgive me for a moment? I want to refresh my memory. I find that Mr. Newton's evidence is confirmatory of my own view, "What you wanted was to get it put under the regulations like those of 1868. (A.) Yes. (Q.) And you failed? (A.) We succeeded, except on the question of illuminating power. (Q.) You succeeded except where you failed. (A.) Yes; but there was a corresponding benefit in that, that whilst the Chartered Company obtained their 3*s.* 9*d.* and 16 candles, and had a 10 per cent. dividend; if Parliament allowed you a 14-candle gas, it was upon the condition that you would take your capital at 7 per cent. instead of 10 per cent. (Q.) Did the Bill propose 10 per cent. (A.) No, it proposed 7 per cent., and having proposed 7 per cent. there was less reason to insist upon a higher illuminating power than if it had proposed 10 per cent., as the Chartered Company had in the previous year." This is the Board of Works who state here that in the year 1869 they got a corresponding benefit for the public by the reduction of our dividend to 7 per cent., and now they are coming to take from us 16 candles instead of 14 candles, which Mr. Newton said we get for giving up 3 per cent. of our dividend. That is the conduct of the Board of Works.

3832. If Mr. Newton was right, that the difference between 10 per cent. and 7 per cent. was in consideration of your having a lower illuminating power, what would that difference between 7 and 10 per cent. amount to on your capital; it would be what?—On our capital of 1,000,000 *l.* it would save to the public 30,000 *l.* a year.

3833. And the public get 30,000 *l.* a year, which you practically paid them, on consideration of your not having a higher illuminating power put upon you?—Yes.

3834. *Chairman.*] You mean that the new capital is issued at 7 per cent. instead of 10 per cent.; was that over a million?—It was over a million; taking the two years together, it doubles our capital; it was 1,300,000 *l.* Upon those unequal circumstances it is sought to establish what they call uniformity of legislation, by making us subject to the same as the other companies who get 10 per cent.

3835. The uniformity of legislation being carried further by the separate legislation of the South Metropolitan?—Yes.

3836. *Mr. Cripps.*] But it is not separate in principle in any way whatever?—You cannot have uniformity of legislation in London. There are ten companies in London, each supplying districts, and each of those districts being equal to a very large metropolitan town, and under different circumstances, under different Acts of Parliament; different as to their locality, capitals, and dividend, and you cannot by any possibility deal with them by uniformity of legislation, any more than you could deal with a dozen different towns in the country by uniformity of legislation.

3837. *Mr. Venables.*] Now, in the latest edition of the Bill there is no clause providing for any kind of reserve fund?—That is their proposition, except that they have withdrawn their proposal.

3838. That

3838. That is according to the last proposal of the Bill?—That is under the curious provisions of the sliding scale.

3839. I understood you to say that the reserve fund is a protection to the consumers as well as to the company?—I have always looked upon it so. For instance, if I have a reserve fund in hand, I may find it consistent with my interest, which we have always done, to sell the gas as cheap as we can; therefore if I take off a penny, for instance, I reduce my dividend 12,000 *l.* in the year; probably I shall not make it up again, and I am not going to deprive my shareholders of that unless I see the means of getting it out of my reserve fund; not having that reserve fund I make no reduction. Consequently, after the reduction of 3 *s.* 9 *d.* in 1869, as soon as we found we had enough reserve fund to run the risk, we gave the public a reduction of a penny, which in one year was 12,000 *l.* in their pockets.

3840. Should you have been able to do it without a reserve fund?—Most unquestionably not, and practically though you are obliged to reduce your charge after you have acquired your 10 per cent., yet, if is only a small surplus over 10 per cent., how can you reduce your charges to a fraction of a farthing reduction? You cannot do it. You must make some large reduction, and that reduction should never be less than one penny, and a penny is what we did, and in gradual pence we reduced in the previous year 6 *d.* When I joined the company they were selling gas at 9 *s.* a 1,000 feet, and by voluntary reductions, subject to the clause in the Act, compelling reduction after 10 per cent., we reduced from 9 *s.* to 4 *s.* voluntarily; that clause is perfectly efficient.

3841. You were enabled by the help of the reserve fund to postpone the rise of price when the coal began to rise?—You have it in evidence that the Chartered Company were obliged to go to the Commissioners for two successive years to raise the price of gas in order to maintain their dividend. We having a reserve fund did nothing of the kind for a year; we only raised our price one year; the other year we resorted to our reserve fund and gave back to the public what we had got from them the year before.

3842. How much short would your dividend have been if you had not had a reserve fund?—We drew more than 80,000 *l.* off our reserve fund.

3843. If you had no reserve fund, you must have gone a year earlier to the Commissioners to raise the price?—Yes.

3844. *Chairman.*] Or have made less dividend?—Which we would not do, being authorised by Parliament to divide 10 per cent.

3845. When you say you were authorised by Parliament to divide 10 per cent., how were you so authorised?—We are told, We give you a limitation of price under which you can make 10 per cent. if you cannot under abnormal circumstances, we give you the means of going to a tribunal to get the increase charge.

3846. You think the authority to gain 10 per cent. was the power of going to the Commissioners?—That, or the Act of 1860.

3847. *Mr. Venables.*] You were at that time under the Act of 1869?—At the time we were under the Act of 1869.

3848. You say, being entitled to go to the Commissioners, you must have gone to them and would have gone to them if you had not had a reserve fund enabling you to tide over that year?—Yes, we should be very bad trustees for our shareholders if we did not, having the Act of Parliament enabling us to do it.

3849. In the following year you were able to go to the Commissioners?—The next year we went to the Commissioners and got an increase of charge according to our Act of Parliament, not only to enable us to make our dividend, but to make up our reserve fund; that was an obligation imposed upon them.

3850. As I understand it, these revision clauses were highly approved of by the Metropolitan Board when they were first introduced?—It took all the time of the Board of Trade to introduce them, and they succeeded in introducing them in our Act of 1869; they were their own clauses; they were not ours. We were perfectly satisfied with the Metropolis Act, but they introduced those clauses themselves.

3851. And have the Commissioners ample power to inquire into all the
6.107. I I 3 matters

Mr.
J. St. G. Burke,
Q.C.
14 June 1875.

Mr.
J. St. G. Burke,
Q.C.
14 June 1875.

matters necessary to enable them to form a judgment as to the price?—In my opinion they have most ample power.

3852. And they have gone, when they have made an inquiry in any case, very fully into every matter bearing upon it?—I did not attend the whole inquiry, but I heard part of it. I was there during part of the inquiry; I know that I was rather struck with the absurdity of one part of the case; that was the investigation as to capital. It was sought to be maintained by the Board of Works that we ought to have made our works piecemeal, little by little, as if we could possibly build half a retort-house and then another half retort-house, to meet our supply as it was growing. We had to make a large dock; would they have us make half a dock and then another half? We have made our works with reference to the future.

3853. They say you should have made only dock accommodation for your actual work?—It was their contention that we ought to make our work piecemeal, little by little; it is absolutely absurd.

3854. And they called engineers to prove that that was the right way to do it?—They called heaps of evidence.

3855. And it is within your knowledge that it was a very costly inquiry?—Very costly and very onerous; we made out the best case we could.

3856. I believe the difference in the cost of coal that year, after deducting residuals, was represented by a very large sum?—I should say it was represented by at least upwards of 50,000 *l*.

3857. It must have been very much larger?—I cannot give the exact figures; coals went up from 16 *s*. or 17 *s*. to 28 *s*.; we have a consumption of between 200,000 and 300,000 tons in the year.

3858. Mr. *Birley*.] I think it is more than that, I think it is 400,000 tons a year?—Yes, 400,000 tons; you are quite right.

3859. *Chairman*.] Then as to the cost of proceedings before the Commissioners; that was heavy; what was the cost?—Between 3,000 *l*. and 4,000 *l*.

3860. Mr. *Richards*.] More than that?—I think we calculated it at 3,000 *l*. or 4,000 *l*.; what it turned out I cannot say. If you had a calculation of all the costs the Board of Works have put us to within the last few years, it would amount to an enormous figure; they put themselves and the ratepayers, too, to a large expense. In 1870, I see 354,000 tons; in 1871, 378,000 tons; in 1872, 385,000 tons; in 1873, 414,000 tons. They cost 281,000 *l*. in one year, 295,000 *l*. the next, 331,000 *l*. the next, and in 1873, 499,000 *l*.

3861. Mr. *Venables*.] The rise of price fixed by the Commissioners only lasted for one year?—That is all.

3862. And when that year expired you did not apply again?—When the year had expired we were in this position, we had a great discussion at the board whether we should go before the Commissioners or not. Our financial position was this; we found that in all probability we should be short of our dividend 40,000 *l*. this year, according to the contracts for coals. But we have a large amount of reserve fund to make it up, and we said, on the whole we will run the risk; we will go back to the 3 *s*. 9 *d*. at once, rather than go the Commissioners, hoping that circumstances may so alter that in the year 1876 we shall be able to maintain the price.

Chairman.] You have said what 1 *d*. in the price of gas means; what does 1 per cent. mean in dividend?

Sir *Edmund Beckett*.] That 12,000 *l*. was a mistake for 15,000 *l*.

Witness.] £. 15,000.

3863. Mr. *Richards*.] One per cent. is 26,520 *l*.?—I take it from you; I would rather not commit myself to figures.

3864. Mr. *Venables*.] You say you apprehend this year you would not be able to make up your full dividend, and you would be entitled, if you satisfy the Commissioners, to have some price above 3 *s*. 9 *d*.?—If we had gone to the Commissioners at the beginning of the year, they, under the Act of Parliament, would have been compelled to have given us such an increased price as to have made up our dividend and reserve fund, but we did not choose to do it; we ran the risk.

3865. This

3865. This is another instance in which the possession of a reserve fund enabled you to sell your gas cheaper?—If we had not had the reserve fund we must inevitably have gone to the Commissioners for increase of price.

3866. Do you think that the present proposal, namely, to abolish the reserve fund, without giving you anything equivalent, is a fair thing?—It is so unfair that we have got now two million and more of capital subscribed on the faith of the reserve fund, intended to maintain our dividend, and granted us by Parliament for the purpose of maintaining the dividend. If you take that away you destroy the value of our property; it is a perfect robbery.

3867. It is now absolutely taken away. It is proposed now, with the permission of the Metropolitan Board, to have a sliding scale up and down; that is, if you charge a higher price you are to have less dividend; if you charge a lower price you are to have a higher dividend; is the possibility of a higher dividend, in your opinion, a valuable thing to have?—I think the whole scheme ridiculous. If you ask me, according to my own opinion, this would result: if we raise our dividend above 10 per cent.—

3868. It depends upon the price?—Supposing, by a reduction of price, we raised our dividend above 10 per cent., can you doubt for a moment that when Parliament has said that all over England 10 per cent. shall be the maximum that gas companies shall be dividing upon their capital, that the public of London, with the Board of Works at their head, would not be the first to agitate the question and come before Parliament to ask for a reduction? The Board of Works, who come *de anno in annum*, will come and say, "The legislation of last year, which we initiated, is a mistake; it is too good for the companies; we ask you to alter it;" and they would do the same thing over and over again, and there would be some justice in it. What would be the initial price? We are to have a special clause for the South Metropolitan Company. You cannot have the same initial price all over London. Mr. Livesey would like a sliding scale, because he is selling so much under the 3s. 9d.; it is absurd altogether.

3869. The immediate effect, if applied uniformly, would be to give the South Metropolitan 12 per cent. or something of that sort?—That accounts for Mr. Livesey's preference to the scheme.

3870. Supposing it acted the other way, if again coal becomes dearer, of course the result would be that you must raise your price?—We must raise our price, necessarily.

3871. You having no control over the cost of coal, your income is so dependent upon a matter you are entirely unconcerned with?—Yes.

3872. It is no merit of yours that coal is cheap, so that you are not entitled to increased dividend then?—The provisions of the Act of 1847, according to my experience, are ample protection for the public. The Act says you shall not divide more than 10 per cent.; it enables the public to intervene if you do so, and it says you shall reduce your price; that is an ample protection: it has had the effect of compelling us to reduce the price from 9s., which was the price when I joined the company, to 4s. voluntarily.

3873. The operation is pretty much the same all over England?—Yes.

3874. Almost all companies, except in London, are practically under the Act of 1847?—Yes, they are.

3875. And they are constantly reducing their prices?—Yes, I presume they are; I know we have, as our works and profits increased, we gradually reduced our price; we never have divided more than the dividend allowed by Parliament, and the public have had the advantage of our increased business. In fact, there is not the slightest necessity for any new legislation at all.

3876. I do not know whether you remember during the proceedings of 1860, that it was proposed to reduce the maximum dividend; I see the Committee had actually passed a Bill reducing the maximum to 8 per cent. I do not know whether you remember it; it was in 1860; Mr. Estcourt's Committee I think it was; the Bill seems to have been re-committed, and an application was made to the Committee to make that alteration, and the Committee replaced the 10 per cent.?—Yes, the first reduction was held to be absolutely unfair to the company, and the Bill was re-committed.

3877. It was re-committed by the House on the express ground of that reduction?—I believe so.

0.107.

114

3878. Chairman.]

Mr.
J. St. G. Burke,
q.c.

14 June 1875.

Mr.
J. St. G. Burke,
Q.C.

14 June 1875.

3878. *Chairman.*] Do you recollect whether there was any division in the House of Commons as to that?—No, I cannot remember.

3879. *Mr. Venables.*] I am told there was no decision, and that Mr Sotheron Estcourt, the Chairman of the Committee, agreed to the alteration?—We said that is so unjust that we will fight the case in the House of Lords, and the Bill was re-committed. But I was going to allude to the analogy of railways. Sir Robert Peel brought in a Bill in 1844, which is now law, to this effect: that future railway companies, not companies existing before, but future companies, should be subjected to this, that the Government might buy their railways upon securing to them 10 per cent.; they must give them a Government guarantee of 10 per cent. before they could take them from them, and why is not the same law to prevail as against gas companies? That is Sir Robert Peel's notion of justice.

3880. Do you think this last alteration of the promoters, striking out the reserve altogether, and giving the possibility of the scale sliding upwards, is any recommendation to the Bill?—Speaking as a company man, I think it is so dishonest and so unfair altogether that it hardly will bear argument. After we have subscribed our money upon one basis, these people for their own benefit and nothing else, come to alter the contract made with them, and to deprive us of that which we now enjoy, contrary to all the principles of Parliamentary legislation.

3881. *Mr. Talbot.*] Do I understand you to contend for this Parliamentary rate of 10 per cent. upon all your stock?—No; we are limited to 7 per cent. latterly. We are a company exposed to hazard; a trading company of large capital, only returning 8 per cent. dividend.

3882. *Chairman.*] It is more than that; it is 8½?—Not so much as 8½, is it?

3883. £. 8 14 s. 0 d.?—As a trading company it is a limited dividend.

3884. *Mr. Talbot.*] Do you contend that the dividend which you think is secured to you by Parliamentary legislation applies to all the stock that you have authorised, or the stock already existing?—The stock already existing. Whatever we create, Parliament then can deal with.

3885. *Mr. Birley.*] It does not apply to future stock to be raised?—No; of course, anything for the future, we can only get under Parliamentary sanction, and they must impose whatever they think just, and no doubt they will do justice to us.

3886. *Mr. Bristowe.*] What the honourable Member means is this: Do you contend that you are authorised by your present Act to issue the whole amount of your shares capital, or are authorised to issue under the 7 per cent. guarantee?—The 7 per cent. guarantee; we have issued it.

3887. All you have the power to issue?—Yes; we have come for more powers, because we have exhausted our capital.

3888. *Mr. Venables.*] As to your existing capital; for the capital raised before 1866 you have 10 per cent., and for the capital raised since you have 7 per cent.?—Yes.

3889. *Chairman.*] With regard to your 7 per cent. capital, and your 10 per cent. capital, have either of them a preference over the other in point of dividend?—To a certain extent. I should tell you that in 1866, in consequence of the agitation got up by the Metropolitan Board of Works, our shares had so fallen that unfortunately many of our shareholders were induced to sell their shares for 62 l. and 63 l. a share.

3890. I ask which per cent. has the first charge on the company?—Then the shares being so reduced in value we found, when Parliament gave us the power to raise capital at 7 per cent., that we could not raise it; the 7 per cent. were at a discount. People were foolishly frightened by the Board of Works, and we could not get out our capital; and in order to do it we said, we will make it quite plain that every new share which is entitled to 7 per cent. shall have that 7 per cent. so long as the 10 per cent. share gets 7 per cent., so that if you had reduced

reduced the 10 per cent. shares they would get the 7 per cent., and eventually upon that we got our capital.

3891. *Mr. Venables.*] Of course if 124 *l.* had been the proper price of 100 *l.* at 10 per cent. it would have followed that you could not issue the 7 per cent. shares at par?—No, I suppose not; we could not issue them at par; the public would not have them; we tried, and they were a long time at 10 *s.* discount, and amongst ourselves, the directors and others. we went out of our way to furnish capital to the company.

3892. *Chairman.*] Supposing this Bill to be passed according to the last proposition of the Board of Works, and then there came a state of things, very improbable I grant, in which the cost of gas rose so much that you could not pay more than 7 per cent., in that case your 7 per cent. shareholders would get 7 per cent. ?—Yes, they would not suffer.

3893. *Mr. Venables.*] They would not suffer until it got below 7 per cent. ?—No.

3894. That results from the terms on which you issued the shares?—We issued them on account of the great difficulties we had in the getting out our capital at all.

3895. *Chairman.*] Then from that it follows that anything between 7 per cent. and 10 per cent. is borne entirely by the original 10 per cent. shareholders?—Yes.

3896. *Mr. Venables.*] As to the illuminating power, you have considered that question, I believe?—In what respect.

3897. I meant with regard to the use of cannel. When you get beyond a certain illuminating power, you must increase the consumption of cannel, must not you?—That is obviously so; I believe that now there is not so great an amount of cannel used as there was some years ago, but to give a high illuminating power you must use a coal capable of giving that illuminating power. When in 1860 a certain illuminating power was fixed, it was fixed upon the production of common gas coal, for which we have a very large market. If, on the other hand, you give a higher illuminating power, involving the use of cannel coal, there is for that coal a very limited market, and if you make it obligatory upon a large number of companies to give a high illuminating power you necessarily put them at the mercy of the owners of the cannel coal fields, and they raise the price to what they like. I myself, many years ago, was sent down to Manchester to investigate the question of cannel coal, and I bought, for the first time that our company had used it, 10,000 tons of cannel coal at a guinea a ton, and it has gone up double since then, and if you make it obligatory you raise the price all over the country, Manchester, and other places; if there is a large call upon a limited field we know the result, therefore we have held that the most reasonable thing is to fix such an illuminating power for London as will enable the gas companies to avail themselves of the largest area of coal supply; then we have the largest competition; if, on the other hand, you give a large illuminating power you reduce the area of supply and competition, and they run you up to any price they like.

3898. *Chairman.*] Practically, do you consume less cannel for your gas than the Chartered Company does?—I think we do; but I am not well acquainted with the Chartered Company.

3899. I do not mean comparing with the cases in which they sell cannel gas?—I rather think we do; but we give practically 16 candles. I see constantly the returns made by the official examiners, and I see that our gas is on a par, or nearly so, with the Chartered. We are limited to 14 candles. We know that; being subject to very heavy penalties if it is below that illuminating power, it will not do to run too fine, and therefore we give gas of 15 or 16 candles to make it safe that we do not go below 14.

3899*. *Mr. Venables.*] I suppose if you went beyond that you would have to use an additional quantity of cannel?—No doubt. The engineer will tell you to what extent.

3900. If required to give 16 candles for the same result, you must give one or 1½ candles above to be safe?—No doubt.

Mr.
J. St. G. Burke,
Q.C.
14 June 1875.

3900*. It would involve a consumption of *cannel* which you think very inadvisable?—Yes. Under our limitation of 14 candle, we give an illuminating power of gas as London is entitled to get at the price.

3901. Now, to turn to the capital for a moment. Of course, although the shareholders to whom the shares are allotted got formerly 10 per cent., and lately 7 per cent., a large portion of the present holders who have bought in the market have a much less interest on their shares?—The bulk of the shares are held, not by the original holders, but by persons who have bought in the market. The mode of dealing with them by the Board of Works, by their Purchase Bill, is this: to buy up the works upon an average price of three years, so that our shares having gone up to 180 *l.* from 160 *l.*, a person who bought at 180 *l.* is bound to sacrifice 10 *l.* or 15 *l.* of his money for the benefit of the Board of Works, if they purchased. That was their proposal by their Purchase Bill.

3902. That is the Purchase Bill of the present year?—Yes, that is what Mr. Newton, in his evidence, calls “a proposal to buy upon fair and equitable terms;” that is what they call “fair and equitable,” to compel a person to give 180 *l.* and to sell to them for 160 *l.*

3903. Then they had a Bill for competing works besides?—Yes, which was pure nonsense; they did it with a view to hold, as they think, a threat over us and reduce the value of our property; and it only excited ridicule and had to be withdrawn as soon as it saw the light, as they had the Purchase Bill; when they were shown to persons of common sense, they said, You cannot pass them, and they withdrew them ignominiously.

3904. If it ever came to a purchase your property would not be increased in value by constant agitation and constant new restrictions put upon you?—No, it has the effect of depreciating the value of the property and unsettling past legislation. They say the legislation is all a mistake. It is true; it is our own, but you must alter it for our benefit; it keeps us in a constant state of agitation.

3905. *Chairman.*] Notwithstanding this agitation, you cannot invest money in your companies to bring more than 5½ per cent.?—No, it produces about that.

3906. *Sir Edmund Beckett.*] Since the Revision Act?—The real truth is that that which it was supposed would have reduced the value of our property increased it; that was the threat to buy us; because I think our shareholders felt that Parliament would never do such an injustice, and if they buy upon fair terms we shall get a considerable sum more than the shares bear in the market now.

3907. *Mr. Venables.*] Having had opportunities of watching the operations of both kinds of legislation, which do you think the best for the companies and the public, the legislation of 1860 or that of 1868-9?—Most decidedly 1860; I think that is perfectly sufficient.

3908. On what ground do you say that particularly?—I mean to say this. In the first place, as regards the companies, it makes them perfectly safe in the maintenance of the reserved fund for insuring their dividend; and it enabled them, as I said before, to make reductions when they use the reserve fund for the benefit of the public. The Act of 1868 takes it from the companies. Then next it imposes upon them a most expensive inquiry before the Commissioners before they can increase their price, whereas the other Act of Parliament says this: You may increase your price, but if the public have any grounds to object to the increase, then they may take you to arbitration. Then, I say the public would not be so foolish, if they saw from the increase in the price of coal that the company must necessarily increase their price, as to object to the increase; but here we cannot get the increase without an inquiry costing us 3,000 *l.* or 4,000 *l.*

3909. *Mr. Birley.*] Is this inquiry any serious inconvenience in the work in reference to your staff, beyond the mere cost of the inquiry. Will it disarrange the internal affairs and management?—Very, very much, indeed; it did so, no doubt; it kept us in a state of turmoil for a long time, with all our officers employed in making out statements and returns, and attending before the Commissioners, and the constant occupation of both time and money, and other things that are necessary.

3910. *Mr. Venables.*] If all the other provisions of 1869 are ket in force, it is indispensible that you should have the power of revision?—Unquestionably. If you take away the increased price given by the Act of 1860, it is the only means we have of maintaining our dividend.

3911. Your opinion is that the legislation of 1860, taken altogether, works better and more fairly than the Act of 1869?—It works better, and is perfectly efficient. I maintain distinctly, and I speak without any hesitation, that you want no new legislation in addition to that Act of 1860; the public are amply protected by it.

3912. And then they got something like uniformity?—It established uniformity as far as it was practicable.

3913. But on the whole, you say, the circumstances being entirely different, absolute uniformity is either impracticable or utterly unjust?—You cannot introduce uniformity with reference to all the companies without doing injustice to some.

Cross-examined by *Mr. Philbrick.*

3914. As you say absolute uniformity would be an injustice, is it your view that you should level up to the standard of the companies doing best, or lower down to the standard of the Imperial?—My view is that you should do nothing.

3915. Now I understand that statement. Your view is, if I do not mistake you, that the legislation of 1868 and 1869 proceeded on a mistaken basis?—I think it was a mistake, if you mean that.

3916. The result was a mistake?—I think so.

3917. That is your deliberate and calm judgment?—That is my calm and deliberate judgment, that the legislation of 1869 was no improvement upon the legislation of 1860.

3918. It was not so good; you went further than that?—It was not so good in many respects.

3919. It was retrogressive?—In some respects it was.

3920. You have expressed your judgment to the Committee upon the three Bills which the Metropolitan Board of Works and the City brought in: the competing scheme for supply, the Bill for purchase, and the present Bill; suffer me just to recall to your attention the way in which you have spoken of them; the competing scheme you said was pure nonsense, and excited ridicule?—I will explain. I did give you that answer, and I will confirm it. I repeat the fact, and I say this —

3921. You shall justify it altogether, if you please; the purchase Bill you said was grossly unfair, and this Bill a perfect robbery?—I think I can adhere to all those statements; now I will give you the explanation; first as to the ridiculousness of the competing supply, Parliament on repeated inquiries has stated that the mode of supplying London ought to be by a well regulated monopoly; they have found that nothing could be more inconvenient to the public than to break up the streets repeatedly, and that for two pipes to do the work of one was a waste of capital, and subjecting the public to inconvenience; and you proposed, nevertheless, to revert to that system of legislation, and take power to break up every street and alley in London at an expenditure of 10,000,000 *l.* or more of money, to do work which is at present done by the existing companies; I say that was ridiculous; now if you can get out of that you can; I say the ridiculousness was manifested by your leaving to withdraw it as soon as it saw the light. As to the injustice of the Purchase Bill, I say there that you came with a Bill to purchase our undertaking at a price to be named by yourselves, a thing unheard of in equitable dealing between two individuals; I say it was unjust, and I say that the terms you proposed were manifestly unjust, because you said, we will buy up these undertakings at the average price of their shares during the last three years; the result of which would have been that a gentleman who had given 180 *l.* for his share would have been compelled, for your benefit, to sell the share to you for 170 *l.* Now if that is not unjust, I do not know what is. He invested his money at 180 *l.* a share upon the faith of the Act of Parliament, conceiving that his rights were secured by Act of Parliament. You come to alter that Act of Parliament and say, you shall sell it for less than you have given for it, under the Act of Parliament; that I say is unjust;

Mr.
J. St. G. Burke,
Q.C.
14 June 1875.

that is No. 2; that is all on No. 2, except this, that like No. 1, the moment it saw the light and came before people who could judge of it with fair discrimination, you had to withdraw it. Now you have No. 3. The principal clause of that Bill is one which you tried to get support for from the Government, and they say, it is so dishonest that we cannot support you.

3922. I can see the way in which you deal with the matter. You say that the principle of the Supply Bill, or rather the principle upon which Parliament granted the supply to the present companies, was a well-regulated monopoly?—Yes.

3923. Do you admit the principle involved in the word “regulated”?—No doubt the regulations inserted in the Act of 1868 were for the purpose of regulating.

3924. Any regulations imposed upon gas companies are for the purpose of regulating the monopoly?—I should think so.

3925. Do you admit the necessity for regulating the monopoly?—I do not deny the propriety of it. If there is only one company to supply a district, that company ought to be put under fair regulations; “fair” regulations mind.

3926. We assume we are talking of what is fair; then it becomes a question of what regulations there are?—Yes, no doubt.

3927. And it must vary according to the district and the circumstances of the case?—No doubt.

3928. Supposing either the district changes or the circumstances change, the regulations should also change, should they not?—One party would have to prove that the circumstances had changed before they suggested new regulations.

3929. My hypothesis involves the fact of the change?—You are putting hypothetical cases.

3930. I am doing so; I am putting the question of a hypothetical change, and asking you assuming the change; should not the regulations vary?—You must put to me what the change is. If there is a change which necessitates an alteration, then the alteration becomes necessary.

3931. I am much obliged to you for the amount of information you have conveyed in that answer. If you admit that a necessity may arise which admits of a change of the regulations of the monopoly, what becomes of the sacredness of the principle that a bargain once made cannot be touched?—Parliament, in making new regulations, would take care to preserve the rights of parties under the bargain, as far as it is practicable to do so.

3932. If I follow that reasoning, and it has any meaning, it becomes a question in each case what is a fair restriction to impose?—I take it that when Parliament has sanctioned certain regulations and restrictions upon a company, subject to which they invest their money, that if they make any new regulations they must inevitably maintain the rights of the parties without invading them.

3933. It is not a question of absolutely invading rights; it is a question of what is a fair way of regulating a monopoly, is it not?—I look upon it as a question of invading rights; what you propose.

3934. You look upon it as a question of invading rights?—Yes.

3935. You are, therefore, not to be touched at all under any circumstances?—Most unquestionably not, to the detriment of the parties who invested their money.

3936. It is a question of adjustment when you introduce the word “detriment”?—That is the whole question. If you show me that you propose any legislation that is beneficial to the public, and not detrimental to me, I will not oppose it.

3937. Then it becomes a question of terms?—We oppose your Bill because it is utterly unfair.

3938. Supposing the legislation of 1868 and 1869, which imposed upon you the revision clauses, was your only means of keeping up a dividend, those clauses, at the time they were introduced, were thought to work beneficially, so far as the consumers were concerned, as to due care and management, and a reduction of price?—Supposing it is found that they do not——?—I deny that they do not. You have an inquiry according to the mode suggested by yourselves before competent persons, and that inquiry does enable them to ascertain due care and management.

3939. A gentleman

Mr.
J. St. G. Burke,
Q.C.

14 June 1875.

3939. A gentleman who has had your experience of asking questions thoroughly understands the way they should be answered. I put the question, supposing it were found they did not secure the result which they were intended to secure; what then?—Alter the mode of inquiry, if you wish it.

3940. And we substitute some other mode to obtain the desired object?—No, you take away the revision clauses altogether; you alter the whole system; you take away that which Parliament suggested as the means whereby we should maintain our dividend. You take that away altogether, and we say that is too unjust. If you require any alteration of the previous Act, it must be some totally different alteration from that; it must be something consistent with common justice.

3941. It comes to the question of what ought to be the remuneration?—That is what we are discussing now.

3942. *Chairman.*] We are agreed that that is the point.

3943. *Mr. Philbrick.*] My learned friend asked a number of questions about the capital of the Imperial Company. First, about the 7 per cent.; it was a mistake to suppose, was not it, that you introduced it in your Bill when you got the 975,000 *l.* in 1869. It is a mistake to suppose that you introduced that yourself; it was put upon you by the Committee, was not it?—No; I think we asked $7\frac{1}{2}$ per cent.

3944. You asked 10 per cent.?—Yes, it is quite true we put in 10 per cent, but we told the Committee we put the 10 per cent. in because it was given to the Chartered people; we told them we did not adhere to it.

3945. The Bill, as introduced, gave 10 per cent.?—Yes, but it was accompanied by my evidence; we told the Committee we put in the 10 per cent., but did not adhere to it.

3946. I see you say that on the present price your shares were paying about 8 per cent.; and I see my learned friend, Mr. Richards, in his reply says, "The Imperial Gas Company are bound to consider such times as they know will entail ruin on them. If they mean us to accept such sums as Mr. Cardwell imposed last year it will entail certain ruin; and I can only say that to be knocked down and robbed is a misfortune that will overtake any man, but to commit suicide I regard as a contemptible crime?—Is that any evidence?" "The Room was then cleared. Then the Chairman said that the Preamble was "proved with the exception of coal mines and collieries; that the Committee "had decided on inserting this Clause 7, 'It shall not be lawful for the company in any year to make out of their profits in respect of the capital raised "under this Act more than 7 per cent.'"

3947-8. *Sir Edmund Beckett.*] At page 9 of my learned friend Mr. Rodwell's speech you will find this: "As regards capital we also think the new capital should be raised at 7 per cent. as well as 10 per cent.?—We never insisted before the Committee upon the 10 per cent.; you will not find that in the whole of the case we asked the Committee to give 10 per cent.

3949. *Mr. Philbrick.*] The effect of leaving it silent would be to make it 10 per cent.?—Technically the Bill was construed as giving 10 per cent., but it was presented to the Committee on the ground that we were willing to take 7 per cent., according to the Act of 1866, which had given us 7 per cent.

3950. *Chairman.*] The Bill was brought in embodying the old Act, and you would have had 10 per cent. unless an arrangement was come to to the contrary?—Yes; but we presented it as a 7 per cent. Bill.

3951. Then the quotation you made from Mr. Burke's evidence was in resist-
ance of the 10 per cent.?—

3952. *Mr. Philbrick.*] It was a suggestion by the Opponents of the Bill that 10 per cent., which the Bill would have given them, ought to be turned into 7 per cent., and the Committee yielded to it?—You must not say "yielded"; we presented the case to them as a 7 per cent. case. I will tell you what occurred in 1866. We passed our Bill before the House of Lords with 7 per cent. in it, and Lord Redesdale then said, "You shall not have more than 7 per cent." Lord Landover was Chairman of the Committee. He was good enough to come with me himself to Lord Redesdale to represent that it was unfair, but we had

Mr.
J. St. G. Burke,
Q.C.
14 June 1875.

to yield to the 7 per cent. Therefore, when we brought in the Bill of 1866 to enable us to raise a limited amount of capital, we took the 7 per cent., and in 1869 we presented our case to the Committee as a capital based upon a 7 per cent. B.

3953. If those were your instructions to the learned counsel, it is curious that in his speech I am not able to find a word of it; but he invited Mr. Rodwell to state what the points of difference were, and Mr. Rodwell states, "Then, with reference to capital, we think the new capital should be raised at 7 per cent., and not 10 per cent.; it is suggested on the part of the Metropolitan Board that it is done in other cases, and that is what I invite your attention to"—If you leave out that the parties forced it upon us, you might take it like that; but it is not so.

3954. Sir *Edmund Beckett*.] Will you read page 23 of Mr. Burke's evidence; he is asked this: "(Q.) Therefore, to the extent of three-fourths of your capital, you are essentially a new company? (A.) If we were a new company, and we had asked 10 per cent. and been allowed to get it, because all new companies do. (Q.) Except under special legislation, no new company has been established with a less dividend than 10 per cent.? (A.) It is by reason of there not being a new company that we can accept 7 per cent." ?—

3955. Mr. *Philbrick*.] You know, without troubling you upon this point further, that, as a rule, all new capital raised in companies where there is nothing special in the case, was raised at 7 per cent.; that is Lord Redesdale's rule?—No; I believe we are the only company that have got it so low.

3956. As a rule, speaking of the country generally, no capital for gas and water is allowed to maintain a maximum dividend of 7 per cent.?—The Chartered Company got 10 per cent.

3957. You mention an exception which again proves the rule?—I will not admit the rule. If you give me the cases I will answer you. We volunteered 7 per cent., and I tell you the Chartered Company did not, and got 10 per cent., and the South Metropolitan got 10 per cent.

3958. I am speaking of the companies generally through the kingdom?—Then I cannot tell you.

3959. As to the capital itself, no matter how it got from 10 to 7 per cent., in the Act it is at 7 per cent. You talked about some difficulty in getting it?—Yes.

3960. Was any portion of your capital ever offered to the public?—Yes, in 1866.

3961. The new capital authorised by the Act of 1869?—I told you that in 1866 we had a difficulty; we had no difficulty in 1869. In 1869 our shares had gone up. I tell you this occurred after the Board of Works had by its agitation reduced the value of our property. They had some deputation before the Board of Trade when Mr. Bright was there, and he stated in the House that he saw no reason whatever for this constant harrassing by your Board of the gas companies; and thereupon the shares went up with the public.

3962. Let me draw back your attention to my question?—That revived my recollection. In 1866 we could not get out our capital; after Mr. Bright made the statement in the House the shares went up.

3963. First of all, was any portion of the capital authorised by the Act of 1869 offered to the public?—No, I dare say not.

3964. Was it all raised amongst the shareholders without difficulty?—I should think so; among the bulk of them, I have no doubt.

3965. In 1866 was any issued to the public?—I think a good many were sold on the Stock Exchange; and I am not sure whether they were not sold at a discount. We had some difficulty in getting them out, and we employed our stockbroker to sell as many as he could on the Stock Exchange. I know that they were at 10 s. discount.

3966. *Chairman*.] Were they at 7 per cent. in 1866?—At 7 per cent.

3967. Mr. *Philbrick*.] Do I gather that they were quoted at a discount?—I suppose they were, but I cannot tell offhand. I know that they were at a discount, and for a long time we could not get them out; and I think, though I will not pledge myself to it, that there were some sold on the Stock Exchange through our stockbroker.

3968. They

3968. They were issued by the company at par?—They were tried to be issued at par. I dare say they were issued at par, but I cannot call to my recollection. I know they were for a long time at a discount, and we had great difficulty in getting them out.

3969. Did your difficulty apply to any other year but the panic year of 1866; that is the year of failures, and so forth?—The Overend and Gurney failure, and so forth, you allude to may have affected us.

3970. *Chairman.*] Was the issue of 1866 upon the Act obtained in 1866?—Yes. I was not asked the question, but this took place. I told you that in 1866, when our Bill came down to the Commons, it was thrown out on second reading. We had no money to go on with. We could not supply the public, and we went to the Chairman of Committees and represented our case, and through his intervention we were allowed to bring in a short Bill, simply to raise additional capital at 7 per cent. That was the capital we raised in 1866.

3971. *Mr. Philbrick.*] The mode in which it was issued to the public at all, I understand, was by getting brokers employed by the company to endeavour to get customers?—I have no doubt the first proceeding was to issue to each shareholder an allotment of shares in proportion to what he held of stock. A vast number refused to take them because the shares were at a discount. The consequence was we got a large quantity of shares thrown upon our hands which we had a difficulty in getting rid of, and, according to my recollection, I think many of those were sold on the Stock Exchange.

3972. What do you say as to the auction clauses, and the principle involved in the auction clauses?—They are not particularly fair to the company, I think. Supposing they arrive at a premium, and are sold, it is assumed that they will fetch a premium in the market. I say, then, you are giving the public the benefit of the goodwill attaching to a company, the goodwill belongs to the company. If my business is in such a position that it has a goodwill attached to it, it belongs to me, and not to the public.

3973. Not to individual shareholders, but to the company?—That means each individual shareholder.

3974. If it belongs to an individual shareholder, it is a private gain to himself; if it belongs to a company in its corporate capacity, the premium goes in aid of the undertaking?—No, the premium goes to the shareholder. He has a share. If it would fetch 1 l. premium by auction, the shareholder would put that 1 l. into his pocket instead of its going to the public.

3975. You take it as a sale *pro tanto* each time of a new issue, or the benefit of the goodwill of the company?—Yes.

Mr.
J. St. G. Burke.
Q.C.

14 June 1875.

Tuesday, 15th June 1875.

MEMBERS PRESENT:

Mr. Bristowe.
Mr. John G. Talbot.

Mr. Birley.
Mr. Thomas Brassey.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

Mr. James St. George Burke, q.c., re-called; further cross-examined by
Mr. Philbrick.

Mr.
J. St. G. Burke,
q.c.

15 June 1875.

3976. YESTERDAY some reference was made to the Act of 1860; let us be clear upon that. The Act of 1860 gave a power to charge 4 s. 6 d. to the whole of the companies?—Yes.

3977. That was a matter they had not to consult anybody about; we were not subject to arbitration?—That was the maximum price.

3978. They could charge the 4 s. 6 d.; and if they desired to go above 4 s. 6 d., and up to the maximum, not exceeding 5 s. 6 d., they were to give a certain notice, and then they were to have power to make an increase, unless the local authority demanded an arbitration?—That is so.

3979. So that the initiative would be on the company to demand increased price, and the onus of resisting the increase upon the local authority?—That is so. The position was thus: that the company, knowing that they would be subjected to arbitration, necessarily would not raise their price unless they had a sufficient case to make out before the arbitration, neither would the local authorities have opposed the companies unless they felt they had a case; therefore it obviated all that expensive machinery of inquiry by Commission established by the Bill of 1868; it is a great deal better system.

3980. Neither of the parties to the litigation would be likely to go into it unless they thought they had a reasonable chance of success?—The one works well, and the other works ill; that is the difference.

3981. No one would resist the local authority under the Act of 1868; they would not resist the increase of price unless they thought they had a case to make out against the increase?—That is my impression.

3982. The local authority, the Metropolitan Board, or the City, would not resist the increase under the Act of 1868; they would not resist the application unless they thought they had fair grounds for resisting the application?—I may add to that, that if the local authority saw the price of coal go up nearly cent. per cent., they would not be so foolish as to resist the company increasing their price.

3983. There is one other incidental matter mentioned, and I do not suppose you and I differ upon the fact, as to the custom of revision. In the coal included by the Commissioners in the amount, they take into account in assessing the price of gas for the forthcoming year?—Yes.

3984. And an allowance is made in respect of that?—The public have to pay in the long run; there is no question of that.

3985. By the public, you mean the gas consumers?—Yes.

3986. Can you tell us at all what were your costs incurred in the revision?—No; I have no doubt you can get them.

3987. Sir

3987. *Sir Edmund Beckett.*] You did know yesterday; 5,000 *l.* was stated?—I could only speak generally. I could not give the detail.

Mr. Bristowe.] It would appear in the gas accounts.

Mr. Philbrick.] Yes, it would more properly come from the accountant.

Sir Edmund Beckett.] Do not assume that we are going to call any particular man. No doubt *Mr. Chubb* can tell you.

3988. *Mr. Philbrick.*] My learned friend *Mr. Venables* put some questions to you about the purchase of coal, and you described the way in which your company purchases its coal?—Yes.

3989. And I think you said that, as a very large consumer, you are well-known customers in the market, and that there was a great amount of competition among the coal owners to supply you?—A very large amount of competition.

3990. That, of course, would naturally tend to enable you to get your coals at a somewhat more advantageous price than a small consumer?—I do not know that. We get them the cheapest way we can.

3991. And with the funds of the company, and the position of the company, which is an assured one, there being no possibility of bad debt, and the money coming at once, or whenever the bargain arranges for it to be paid, you are able to deal favourably?—We deal as favourably as we can.

3992. You explained yesterday, if I caught you right, that there was a necessity for your making a somewhat forward contract owing to your large consumption?—That is obvious.

3993. I do not say it is not reasonable, but it is necessary?—We could not do the business without.

3994. If there were a sudden rise in the coal, you would not feel it at once; and, again, if coal were to come down again, you would be still going on with your large contracts for the period?—Experience has showed it to be so.

3995. When the contracts which have been made during an unfavourable time, or a high price of coal had ceased, the future result of the increased price of coal ought not, if your company has bought its coal as favourably as a large consumer should do, to put you in a worse position on the whole than the other companies; do you follow me?—I cannot say I do. It is plain, if you look at *Mr. Field's Tables*, that practically all the companies are very nearly on an average; it works out pretty much on an average.

3996. When the effect of a high price is over, the Imperial Company ought not, if it has managed its coal purchases prudently, to be worse off in the long run than the other companies?—I do not know that we are.

3997. It ought not to be so?—If you like to argue it you can.

3998. Take the rates at which Parliament has sanctioned the maximum dividend as conceded; take the Acts of the company in raising its capital from time to time as conceded, and put the question of dividend entirely on one side; is there any reason why in the Imperial Company the manufacture of gas should not be carried on as favourably as the manufacture of gas by other companies in the metropolis?—I think it is carried on as favourably as any other.

3999. I gather from you that you think it is and ought to be?—I know this, that we are perfectly cognisant of the system of manufacture by other companies, and we adopt every known system by which gas can be manufactured economically and efficiently; I know that perfectly well. The manufacture of gas is no new matter now; it is well understood, and if you compare our accounts with the accounts of other companies, not only with London, but all other parts of England, you will find that we are not worse off, considering our position, than others as regards manufacture. We manufacture as cheaply as anybody else.

4000. Assume for the moment that, under the present law as it stands, you are able to charge 3 *s.* 9 *d.* to your consumers, and to earn all that Parliament intends that you should earn, that is to say, to pay a full dividend and fill your reserve fund, what motive is there in that condition of things and with the present law to operate with the company for economy and management, to reduce their working expenses?—I must refer you to experience, and I show you the fact that while the company is working as cheaply as any other company in the kingdom, they have also, at the same time, been reducing their charges

Mr.
J. St. G. Burke,
Q.C.

15 June 1875.

from the period when I was a director first, from 9*s.* down to 3*s.* 9*d.* now. If that is not evidence of having worked beneficially to the public I do not know what is.

4001. What motive do you suggest would operate with the company now at the price of 3*s.* 9*d.* to lower their charge?—The same motive which has operated with us always in the interest of the public and for the benefit of our shareholders; viz., to manufacture gas at the cheapest rate at which it can be sold and in the most efficient manner. That has operated with us throughout, and will always operate in the same manner, and, as is shown there by experience, has operated beneficially to the public.

4002. Since the legislation of 1868 and 1869, as applied to the Imperial Company, there has been one diminution to the extent of a penny; 3*s.* 8*d.* was charged; but you found the next year that you were obliged to take it from the reserve fund; so that, in effect, it came against the consumers when the revision took place?—You use the expression perfectly correctly; we were “obliged”; we could not help ourselves. The cost of coals, material, and labour had gone up, so that we could not maintain our dividend, and our duty to our shareholders, as trustees, is to maintain our dividend.

4003. Do you recognise the fact that your duty as trustees for the shareholders ends when you have earned your Parliamentary maximum, and that your duty as trustees is for the consumers for the surplus? You use the phrase “duty to your shareholders as trustees.” When you have acted as trustees for all that the shareholders are entitled to receive, do you recognise your duty to the gas consumers for the surplus?—Let me refer you to what we have done in the present year. I have told you, in my evidence in chief, that at the beginning of the year we thought we should be, at 3*s.* 9*d.*, 40,000*l.* below our dividend, and yet we have risked it, and have kept down to 3*s.* 9*d.*, though under your calculation of the price of coal we believed we should be 40,000*l.* below our dividend.

4004. *Chairman.*] When was that calculation made?—In January last. We had the right under the Act of 1869 to apply if we thought fit to the Commissioners to raise our price of gas to such an amount as would ensure our dividend and fill up our reserve fund. It was an obligation upon them to give us that, and we might have secured it. We said, we will do no such thing, we will run the risk. It is true according to all accounts that we show a possible loss of 40,000*l.*, but we will risk it.

4005. Have you any information since January which makes you know whether the risk has been a reality or not?—Since then we have found that we have done wisely; that the risk is not so great as we thought; practically the coals have gone down.

4006. And your consumption has gone up?—And some of our residuals have gone up, and practically we have given the public all that.

4007. And has your consumption actually gone up?—To a certain extent, according to the normal increase.

4008. *Mr. Philbrick.*] That is about 5 per cent. per annum, is it not?—Yes.

4009. It would make in 10 years a moiety more if it went on?—That is not all profit, but it is gradually utilising the original outlay; we have made an outlay at Bromley, and it is not fully utilised.

4010. If I follow you, that increased consumption of gas brings into productive bearing, or more productive bearing, capital now actually expended?—No doubt of it. We look to it for possibly hereafter reducing our price, as we did in 1871.

4011. So that the tendency of that operation, so far as it goes, is to diminish the net cost of the gas to you?—Yes, and eventually the net price to the consumer, as it has done hitherto.

4012. Pardon me referring back to a word which fell from you. You said you ran the risk when the calculation was put before you that there might be a loss of 40,000*l.* on the present year's working?—Yes.

4013. You had a reserve fund which contained more than that 40,000*l.* in *essc* at the time?—Or else we should not have run the risk.

4014. Can you tell me what the actual reserve fund was then?—Our legitimate reserve fund was 80,000*l.* I think it amounted to something like half of that. I am talking in round numbers.

4015. The reserve fund actually is 81,000 £., is it not?—Yes, our reserve fund had been reduced from 80,000 £. to 40,000 £., but we had that 40,000 £.; and having it before us, we said even if we lose 40,000 £. we shall possibly be able to make it up out of the reserve, which at the end of the year we shall have in the reserve fund.

4016. What was the risk?—The risk was simply this, that at the end of the year we should have had nothing, whereas at the present moment we have 40,000 £. to maintain our dividend; and we have a perfect right to claim from the Commissioners that our reserve fund should be filled up to 80,000 £. We gave that up for the benefit of the public.

4017. I quite accede to that. At the end of the year, if your anticipations had been realised, that 40,000 £. would have been absorbed, and you would have had power to employ it in favour of your maximum dividend, and not have a farthing in the reserve fund?—Yes.

4018. And then you could have come to the Revision Commissioners, in which case you would claim to have your reserve fund put back to 81,500 £.?—Yes.

4019. Where would have been the risk?—The risk would have been in this, that we could not be sure what would have been the price of coals for the year.

4020. The risk would have been as to getting the dividend?—If coals had gone up, we should have absorbed more than the 40,000 £. Our calculation was that practically we should be 40,000 £. short, and it might be made up by our reserve fund.

4021. *Chairman.*] Was that upon the then price of coal?—Upon the then price of coal; it has gone down and we are now better off.

4022. *Mr. Philbrick.*] Your risk was that the amount of deficiency that you might require to make up above your earnings would have exceeded the amount in the reserve fund?—Beyond all question, if we had gone to the Commissioners, we could have made ourselves perfectly safe; inasmuch as we were not perfectly safe, we ran a risk for the benefit of the public rather than make ourselves safe as we were entitled by law to do. It was an obligation upon the Commissioners to make us safe.

4023. It would have made you safe?—Yes; and made us safe for 1876, which we are not now.

4024. From the middle of 1874 the price of coal has been continuously falling, has it not?—Luckily it has; but we cannot be sure of that continuing. It depends upon the iron trade, and a variety of circumstances. We may have coal up next year to a very high price, as we know.

4025. You mention the risk as though it were a sort of trading concern; do you recognise the propriety, in managing a concern like a gas company, of raising the capital on the most advantageous terms that it can be raised, the lowest terms?—Yes, I always maintain that. The “most advantageous” admits of two interpretations. I say that the first duty of a gas company is to ensure that they shall have capital raised upon such terms as will enable them with certainty to raise it.

4026. Am I unduly pressing you if I ask you to give the second interpretation of the words; you said the most advantageous terms admitted of two interpretations, will you give each that occurred to your mind?—My interpretation is that the companies ought always to have the power to raise their capital on such terms as will enable them to do it with certainty. And again, if the company has made a very large business by their own exertions, and have got the good-will attaching to that business, their shareholders have a fair title in the raising of any capital to raise it upon such terms as will to a certain extent represent the value of their property.

4027. Do I understand you to mean that your view of “advantageous” is advantageous to the company and to the shareholders?—Parliament has always considered in these Bills both the companies and the public; and in 1869 you yourselves claimed credit for reducing our dividends upon our new capital to 7 per cent. It was considered by yourselves, as well as by Parliament, a fair rate at which we were to raise our new capital. At one time we had a difficulty in raising it, and afterwards we raised it with ease.

4028. You do recognise the principle that there is the public interest to be considered

Mr.
J. St. G. Burke,
Q.C.

15 June 1875.

considered in the raising of capital?—I think Parliament always so considered it; they considered both the public and the companies.

Re-examined by Sir *Edmund Beckett*.

4029. Assuming that to be so, and assuming my learned friend's statement of the per-centage to be right, that in the provinces 7 per cent is given for new capital in old companies, that is a difference which Parliament allows?—That is the lowest sum that I have known in my experience that Parliament has assigned.

4030. And if the Metropolitan Board want to get hold of what may be called the contingent rights of the shareholders, the way to do it is to buy the whole concern at proper price?—Yes.

4031. Do you know any instance of any public body, corporation, or anything else being able to reduce by compulsion the contingent rights of the shareholders in any concern any more than the absolute rights?—No.

4032. My learned friend began this morning by talking about the costs of the inquiry; I suppose you would say that the costs ultimately falling upon the public is another evil of the Act of 1868 compared with the Act of 1860?—I think it is retrograde legislation. The Act of 1860 gave the public legislation without the difficulty of inquiry, which was rendered necessary by the legislation of 1868.

4033. Experience is the best proof. There has been no opposition of the Metropolitan Board to any raising of price under the Act of 1860?—No, none.

Mr. *Cripps*.] No case has occurred under the Act of 1860.

4034. Sir *Edmund Beckett* (to the *Witness*).] You know, of course, what has been done amongst the other companies; is it not the case that nearly all the other companies have raised their price?—I am intimately acquainted with all but the London and the Phoenix, did both of them. The London Company went from 4 s. to 4 s. 6 d. Under that law of 1860, they would have been bound to give notice of their intention to raise it to 4 s. 6 d., and if the local authorities thought that an unjust rise they would have had an opportunity of appealing against it.

4035. The other companies had the right, under the Act of 1860, to raise the price up to 5 s. 6 d.?—Yes.

4036. They had reduced their price to 3 s. 9 d., or something like that, as you had?—Yes.

4037. The fact is, I believe, that you alone had to encounter the Metropolitan Board, when you desired to raise the price to 3 s. 9 d.?—Yes.

4038. I mean, of course, you alone of our companies?—Yes.

4039. I said the other day, when I talked of the price of 1860, I do not mean to stick to the figures of 1860, nor do you; you talk of the machinery of 1860?—Yes.

4040. And in spite of what my learned friend has put to you, have you the smallest doubt that the machinery of 1860 is the best?—I have not the slightest doubt of it. Let me illustrate it to a certain extent. We find that in 1868 Mr. Cardwell's Report said this: that the Act of 1860 was unduly favourable to the gas companies. Why? Because he said that some of them heretofore were not paying their maximum dividend, and since then they have paid their maximum dividend. If they did so, it was simply fulfilling the power that Parliament had given them in making up their maximum dividend. But they ignore this important fact, that the making up of their maximum dividend to the 10 per cent., was a condition precedent to the reduction of the charge to the public. After they made 10 per cent., they were bound by law to reduce the charge to the public, and until they obtained 10 per cent. the public could have no advantage at all. At the time Mr. Cardwell's Report was made, by the operation of the Act of 1860, and that clause compelling the reduction after the realisation of 10 per cent., the public have a reduction of charge in London alone to the extent of upwards of a quarter of a million per annum. My own company alone reduced 50,000 l. a year; and, taking the whole of the companies together, it is in evidence that they reduced to the extent of nearly 300,000 l. a year under the Act of 1860; and that is said to be too favourable to the companies.

4041. When Mr. Cardwell said it was too favourable to the companies, he forgot

forgot that when there was an attempt made in 1860 to lower the dividends of the companies, the House of Commons recommitted the Bill?—Yes.

Mr.
J. St. G. Burke,
Q.C.

15 June 1875.

4042. *Chairman.*] Where does Mr. Cardwell say that?—He says it was unduly favourable to the public; that did not apply to us, because we paid 10 per cent. before; it was purely restrictive upon us. That is the Report of 1867.

4043. *Mr. Richards.*] It is at the bottom of page 9, the last few lines?—
“The result of this testimony, and of the documentary evidence by which it was accompanied, has been to convince your Committee that the Act of 1860, and the arrangements which it sanctions, have been eminently favourable to the companies, while the interests of the consumer have been very inadequately protected.” It appears that while the companies generally, under the system of competition, paid moderate dividends, under the new arrangements every company has paid, with rare exceptions, the maximum allowed by the Act of 1847, and that in many cases large sums have been paid besides.

4044. *Sir Edmund Beckett.*] Had the Act of 1860 anything whatever to do with enabling the companies to pay their maximum dividend?—No; they were all authorised to pay their maximum dividend. And let me tell you that when among themselves they determined not to compete with each other, they obtained all the monopoly they desired to obtain; you could not compel them to compete with each other. It is true that they are perhaps in juxtaposition, but they said, “We will not go on with the absurdity of cutting each other’s throats.”

4045. *Mr. Bristowe.*] At that time there was no compulsion upon the respective companies to supply?—No, there was none. It was imposed on them in 1860; that was one of the new conditions as to which Mr. Cardwell said the public was ignored.

4046. *Sir Edmund Beckett.*] Was there any attempt upon the part of the Metropolitan Board, or on the part of any of the vestries, to try fairly what the Act of 1860 would do for them?—Never.

4047. Of course you speak for your own company?—Yes.

4048. They came in 1867 and said they did not think that the Act would enable them to work it out?

4049. Do you know about the cases before the magistrates?—In our company there were none that I recollect. I have never known our company since I have been connected with it charged with any misfeasance whatever in the conduct of their Parliamentary obligations, and I do not believe anybody could charge them with any.

4050. As we are upon this passage in the report, I will ask another question upon it; you read just now this, “And that in many cases large sums have been paid besides in the name of back dividends to make up for dividends which, under the former system, had fallen short of the maximum;” again asking you of your own company, did you, since 1860, pay a penny upon the amount of back dividend?—I believe not.

Mr. Cripps.] The report does not say that you did.

4051. *Sir Edmund Beckett.*] It says “many”?—It was a restriction upon them.

4052. Any one reading this would think the Act of 1860 gave them a privilege which they had not before, and so Mr. Newton put it the other day?—It is exactly the converse.

4053. You were asked a question this morning about the cost of purchase of coals; I suppose the cost of delivery is a portion of the cost of purchase?—Yes.

4054. You are as well off, are you not, as some companies are as to that means of delivery?—As well off as some, but not so well off as others. The Chartered Company abut on the river, and they can discharge their vessels into their works. We have been driven up a creek of the river Lea, and consequently now we discharge our coals upon the river, and we have all the expense of discharging and unloading the ship, and barging them to our works, and unloading again. That naturally increases the charge for the coal.

Mr.
J. St. G. Burke
Q.C.

15 June 1875.

4055. *Chairman.*] Have you any estimate of what it would be?—Sixpence to a shilling per ton; the engineers will tell you.

4056. *Sir Edmund Beckett.*] You know it in a general way?—Yes, it is obvious that is must increase the cost.

4057. There is another point, you know; supposing you had not been allowed any increase by revision in 1873, do you know what would have been the deficiency upon your dividend?—I have not calculated it, I would rather not answer it without making a calculation. It is obvious that we gave up upwards of 80,000 *l.*, and if we had not had a reserve fund we must have taken it out of dividends.

4058. *Chairman.*] What was the reserve fund at the time you went to the Commissioners for revision?

Mr. Philbrick.] It was 68,712 *l.* on the 1st January 1873.

4059. *Sir Edmund Beckett.*] At the time when you went for revision upon the result of 1873, do you know what the reserve fund was?—I do not remember the exact amount, but I found when I looked at it, that altogether we have taken upwards of 80,000 *l.* from the reserve.

4060. *Chairman.*] What was the sum required in the year 1874 to give the dividends due on the 1st January?—£. 232,697.

4061. Turning to the top of page 482, what was the amount required to pay your dividend of 10 per cent. upon your 10 per cent. capital, and 7 per cent. upon your 7 per cent. capital?—£. 232,697.

4062. What did you estimate would be your net income for 1874?—£. 94,956.

4063. That left a deficiency upon your dividend of how much?—£. 137,741.

4064. *Sir Edmund Beckett.*] It was stated yesterday that the sum required to pay 1 per cent of dividend was something under 27,000 *l.*; if you divide the 137,741 *l.* by 27,000 *l.* you will find the deficiency a little over 5 per cent.?—It is obvious that it is so; because if you divide this 232,697 *l.*, and you take from it 137,741 *l.*, it is clear that is more than half.

Chairman.] It is a good deal more than 5 per cent.

4065. *Mr. Bristowe.*] Sir Edmund Beckett stated that there was an actual dividend of so much, and an estimated net income against it?—Yes, it is an estimate based upon the price of materials and labour.

4066. *Sir Edmund Beckett.*] And it is that estimate you would have laid before the Commissioners if you had gone before them?—Yes.

4067. And no doubt you were convinced you could prove it?—Yes.

4068. In the revision of 1873, did the Commissioner knock off anything from you except from the estimated cost of the coal contracts?—I did not attend the inquiry; they knocked off a small amount, but no great amount; all our proposals were contested as strongly as they could be by evidence and argument, and the Commissioners heard their case and ours, and determined to give us 4 *s.* 8 *d.* in order to make up our dividend, and I suppose the reserve fund too.

4069. In fact it did not make up both?—No, it did not.

4070. Although the Commissioners gave you a rise to 4 *s.* 8 *d.* under the idea that it would fill up your reserve fund, and give you a full dividend in fact, they gave you too little?—It did not fill up the reserve fund or anything like it; they were bound to do it under the terms of the Act of Parliament, and, therefore, I assume in the figure they gave us they thought that they had fulfilled that obligation.

4071. And they did not?—No.

4072. *Chairman.*] You are so acquainted with the history of the different Acts that I should like to ask you a question with reference to Lord Cardwell's Committee; just refer to the paragraph at the end of page 14, and which goes on to page 15, am I not right in supposing that that paragraph is a recommendation of the Committee that there should be no reserve fund which would enable a company to make good the deficiency of one year's dividend by the surplus of another?

another?—You no doubt will construe the Report yourselves, but there is no doubt Mr. Cardwell by his legislation intended to deprive the companies of the reserve fund; and we refused to accept the legislation.

4073. I turn to the London Act of 1868, which was the first Bill resulting from the action of the Committee, and there I find Section 26; just tell me what reserve fund you think you had given you under Section 26 of that Act?—Our Act is the Act of 1869; in the London Act they have no reserve.

4074. I mean taking the City of London Act; the public Act:—It applies only to the Chartered Company and not to the Imperial Company.

4075. Practically they do get something?—They get simply an insurance fund.

4076. The question I am now asking is simply the question of the City of London Gas Act of 1868, which was to some extent a public Act; I turn to the 26th section there, and I find an insurance fund against accident?—Yes.

4077. That is no reserve fund at all?—No.

4078. What is your reserve fund?—In the Act of 1869 you will find that the power that we have in the original Act is reserved to us, but the amount is reduced to 81,250 £., and it says: "Notwithstanding anything in this Act or in the recited Acts;" the recited Act is Clause 19, and it gives us power to have 10 per cent. as a reserve fund: "Notwithstanding anything in the Act or in the recited Acts, or any Act incorporated therewith, contained, the reserve fund of the company shall never exceed in amount the sum of 81,250 £.; but this provision shall not affect the powers of the company under the before-mentioned section of the Act of 1854, with respect to a contingency fund."

4079. You have a reserve fund which may amount to 81,000 £.?—Yes, we have that now.

4080. In what way, if any, are you limited in making up the price beyond the loss of any year out of this reserve fund?—The Act of 1860 declares that you shall not go back beyond six years.

4081. That is the only limitation it casts upon you?—Yes.

4082. In so far as you have this possibility of a large reserve fund of 81,000 £. to make up back dividend for six years, you have got more than Mr. Cardwell's Committee advised to be given to you?—No question of it; we would not accept Mr. Cardwell's legislation; and I think I told you that the Committee of 1869 was specially appointed to take into consideration Mr. Cardwell's Report. The Board of Works, who were heard by their counsel, tried all they could to get the Committee to adopt the whole report; but the Committee, hearing the whole case in both Houses, determined to grant us the Act of 1869.

4083. It could never be intended to quote the authority of Mr. Cardwell's Committee *valeat quantum* in favour of the reserve fund?—On the contrary, Mr. Cardwell's Report is adverse to it.

4084. Just take this clause into your hand (*handing it to the Witness*); the largest portion of your capital is still at 10 per cent.?—It is about half-and-half.

4085. The largest proportion, I think, but I understand that the 7 per cent. capital has so far a preference over the 10 per cent. that there can be no diminution made in the 7 per cent. until the 10 per cent. has been reduced to 7 per cent.?—Yes.

4086. Then supposing this clause became law, how would it operate upon the original 10 per cent. shareholders?—It is impossible for me to tell you; I consider this clause is a very objectionable one; I said yesterday that I objected to the clause altogether for many reasons, and since yesterday many other objections have occurred to me, which I could now mention, but practically I felt this, that with regard to our capital it would involve this difficulty, that supposing we were enabled to reduce our charge to the public, and increase our dividend, the question would at once arise, are the 7 per cent. shares, which are never to be reduced so long as the others are paying so much as 7 per cent., to participate in the increase, or are they not; it is a very difficult question to determine; and the more I consider that clause the more I can see the impracticability of the scheme altogether of that sliding scale.

4087. Sir Edmund Beckett.] When you say you would have to determine it, you must mean the law would have to determine it?—Yes.

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4088. Chairman.]

Mr.
J. St. G. Burke,
Q.C.
15 June 1875.

Mr.
J. St. G. Burke,
Q.C.
15 June 1875.

4088. *Chairman.*] I ask you as a very experienced lawyer, supposing this became law, and you were bound to carry it out, how would you carry it out?—Before you had asked the question I had been turning it over in my mind, and I do not know how to decide it; it is very difficult to decide what would be the relative rights of the parties.

Sir Edmund Beckett.] There have been several decisions upon the same subject which took us by surprise; so much so, that Lord Redesdale has introduced a new system of issuing preference shares in consequence of those decisions.

Witness.] I hope sincerely the question will never arise. Without assuming to lay down the law in the case, I should say off-hand that the 7 per cent. shareholders would have no right to participate in the increased dividend; but I have no doubt that a 7 per cent. shareholder would say he had; then they would raise the question in a court of law, and the court of law would determine it.

4089. *Mr. Cripps.*] It would be entirely an arrangement between you and your sets of shareholders in the company?—You must have the consent of every one.

4090. *Chairman.*] You talk of an increased dividend, but how would it be on a diminished dividend?—There would be no difficulty there, because their dividend never could be reduced so long as the 10 per cent. capital was paying 7 per cent.

4091. Would the 10 per cent. shareholders have to suffer a larger loss than 5 s. per cent. in their dividend, if there was a penny in excess in the price?—According the clause, I think it is only 5 s.

4092. Then the object of the clause would in itself be defeated, because the object of the clause is that the company should receive less dividend if it charges more price, and I suppose it would not be considered fair that, because you happen to have raised part of your capital at 7 per cent. instead of 10 per cent., that you should have a less proportionate diminution in dividend than another company by your side?—It is full of difficulties. The more you consider it, the more unworkable you will find it. If the Board of Works would accept me as a witness, I would show them that a more inexpedient clause could not be thought of; they have adopted it as a *pis aller*. Practically it is unworkable and inexpedient, upon public grounds, even more than upon other grounds. Taking my own company, if I speak as a shareholder merely, and not representing others, if I could insure finality, if I could insure that the Board of Works would keep good faith with me, and say, It shall remain always the law, I would say; grant it at once, and I will accept it from a conviction in my own mind that in the course of time the price of gas will go down from a variety of circumstances. We have shown you that in 1871, after we accepted the 3 s. 9 d. price, we went down to 3 s. 8 d. when coals went low. If coals remain low, we shall probably get down in price again, and put the increased price in our pocket. Our shares will go up in consequence, and the Board of Works, who are always hankering after the purchase of us, if they can get us cheap, would find our shares so high that they could not buy us so cheap; it would operate against them. But there are several reasons which may make gas cheaper in the market. It may be dearer; we are protected against that, but it may be cheapened. Take another circumstance. Since 1869, and that legislation of 1869 which imposes upon us the necessity of adopting any scheme which scientific referees may determine for the purification of gas, those gentlemen have carried on expensive experiments on our works at our cost, and they have imposed upon us a charge of upwards of 120,000 l. since 1869 in carrying out their schemes; they have largely increased also the cost of the purification per ton of coal.

4093. *Mr. Birley.*] I should like to ask you a question arising out of what passed yesterday; a good deal was said about the iniquity of the proposal of buying your shares at an average of three years preceding the date of purchase; is such a proposal unprecedented?—I never heard of such a proposal before, and most unquestionably it has never been sanctioned by Parliament.

4094. Have you heard of such a proposal?—I have never heard of such a proposal.

4095. Is

4095. Is there any allowance for wear and tear in your accounts; I do not find it here?—Yes; there is a very heavy amount for wear and tear; there is a very large annual sum for wear and tear.

4096. Then it comes, I suppose, under this heading of repairs and maintenance of works and plant?—Yes.

Mr.
J. St. G. Burke,
Q.C.

15 June 1875.

Mr. Harry Chubb, sworn; Examined by Mr. Richards.

4097. You are Secretary of the Imperial Gas Company, I believe?—Yes.

4098. And you have been so for the last 12 or 13 years, have you not?—Yes.

4099. And in that capacity you are well acquainted with all the affairs of the company, and their mode of conducting their business?—Yes.

4100. The board, I believe, is divided into three committees?—It is.

4101. The committee of works, the committee of accounts, and the committee of general purposes?—Yes.

4102. The committee of works undertake all the dealing with the material and manufacture?—Yes.

4103. The committee of accounts deal with all matters of finance, and so forth?—Yes.

4104. And the general purposes committee sit for the purpose of hearing any sort of complaints that may be made, and investigating the receipts brought in by the collectors?—Yes, just so.

4105. And in that way does every single thing connected with the management of the company come before one or other of those committees?—Yes.

4106. And is their decision then carried for confirmation to the board?—Yes.

4107. Who meet once a week?—That is the course of business.

4108. With regard to the committee of works, under their cognizance would come the purchase of coals, would it not?—Yes, that is in their department entirely.

4109. The quantity of coals which the Imperial Company consume in the year may be taken as about 430,000 or 440,000 tons?—That will be the quantity wanted for the present year.

4110. Of course, the quantity increases slightly year by year?—The annual increase is from 6 to 8 per cent.

4111. In former years, when the concern was smaller, you used to contract with individual contractors?—Yes.

4112. Now, do you put forward public tenders, and invite tenders from all persons willing to supply coals on certain conditions?—That is the course which has been pursued for the last five or six years.

4113. And you have done so in the present year?—In the present year that course was adopted.

4114. You have contracted for a portion of your coals, but not for all?—Not for all.

4115. I will not ask at what prices you have contracted, for it might possibly influence the purchase of the remainder?—Yes.

4116. Do these public tenders bring in offers of a very large quantity?—Yes; on the last occasion we wanted 400,000 tons, and it brought in offers for a million and a half tons of coal.

4117. That would include some coal which is entirely out of the question; Scotch cannel, and so forth?—A small quantity would be unsuitable for the London gas purposes.

4118. But it left you a very large choice of coal suited for your purpose?—Yes.

4119. With the assistance of your engineer, your coal agent, and yourself, and, I may say, the directors also, you have selected those coals which you believe in price and in quality best suited for your purpose?—Yes, the engineers throughout the year are testing coals of various kinds that may be tendered, and when these tenders are produced they are able to advise as to which is most suitable.

Mr. H. Chubb.

15 June 1875.

4120. Do you analyse almost every sort of coal offered to your notice?—Yes, we are constantly seeking a new market to get our coal from.

4121. Are those analyses regularly registered, and kept for reference, from time to time?—Yes.

4122. So that when a particular quality of coal is offered for purchase, you have at once the means of ascertaining what its special properties are?—Yes, and its relative value.

4123. The tenders are generally invited in the spring of each year, are they not?—Yes, that is found the most suitable time; about April or May, and sometimes earlier.

4124. Is it in your judgment possible for a company conducting its business on the scale which the Chartered and the Imperial do, to get their coals in any other way than by tender, and long contracts?—The public tender has many advantages, and seems to be the most suitable arrangement. It would not be safe for the company to leave it till the middle of the year, and it would not be to their advantage to deal individually with people without public competition.

4125. And with reference to contracts, is it in your judgment necessary to make contracts running through the year?—Yes, we should not be able to secure our coals through the winter unless that course was adopted.

4126. During the winter what number of tons do you carbonise per day?—2,300 tons per day in mid-winter.

4127. You have hardly used quite as much as that up to the present time, have you?—Not quite. That would be the consumption in the course of next winter if the gas increases at the rate we estimate.

4128. That will be the amount in the ensuing winter?—Yes.

4129. Would it not be impossible to get these large deliveries made in the winter months, unless you have a contract, which contract stipulated for certain monthly deliveries through the year?—I believe that it would not be possible to secure it without such a system as that.

4130. Could you be dependent upon going into the market and picking-up stray cargoes?—It would be most unsafe to do that when your consumption is so large, and so much depends upon your getting a supply of coal with accuracy.

4131. Do you find it necessary to fill your vaults about the beginning of November, and get the coals delivered as best you can, week by week, through the winter by contract?—Yes, that is the best plan; to fill up in November the vaults until they are full, and after that to try and get the quantities in from week to week, keeping the vaults for emergencies in cases of frost, stoppage of steamboats, or other accidents that may occur.

4132. *Chairman.*] How many days consumption have you in your vaults?—Generally about three weeks.

4133. *Mr. Richards.*] Hardly so much as that, is it?—Scarcely so much.

4134. Does it not happen when there has been severe frost, that you find yourselves in great anxiety about the delivery of your coals?—Very frequently that is the case, notwithstanding all the precautions we take.

4135. You are not only dependent upon the state of the sea, but upon the state of the canals, which may be frozen up, by which you convey your coals to the works?—Yes, we are in the first place dependent upon the colliery itself, strikes and mine accidents, then the sea, canals, and the River Thames, by means of which the coals are conveyed to the works.

4136. You have four stations, have you not?—Yes.

4137. One is at Bromley-by-Bow; that is a new station recently erected?—Yes.

4138. One at Shoreditch, just off the Hackney-road, north of the Hackney-road; one by the King's Cross Station of the Great Northern Railway, and one at Fulham, a little west of Cremorne Gardens?—Those are the four manufactories of the company.

4139. *Chairman.*] Of those, only one is in your district?—Only one is in our district in reality. One only is in the immediate district of the Imperial Company.

4140. Mr.

4140. *Mr. Talbot.*] The one at Fulham is a great distance from your district of supply?—Yes.

Mr. H. Chubb.
15 June 1875.

4141. *Mr. Richards.*] Will you show the Committee on this map where the stations are?—Yes (*the Witness pointed out the stations on the map to the Committee*).

4142. *Mr. Birley.*] A great part of your coal is delivered at the Regent's Canal Basin?—Yes.

4143. *Chairman.*] Of those four stations, which is the largest?—At present the largest is Fulham.

4144. *Mr. Richards.*] Bromley is laid out to be even larger still, is it not?—Bromley will have to take all the future increase in the demand for gas in the Imperial Company's district; the other stations being full, are prevented from being enlarged in any way.

4145. Now take Fulham; that is capable, in round numbers, of producing 7,000,000 a day?—Nearly 8,000,000.

4146. What does St. Pancras produce?—Six millions.

4147. It will hardly produce so much, will it?—Yes.

4148. What does Shoreditch produce?—Nearly 6,000,000.

4149. And Bromley?—Bromley can do at present 5,000,000.

4150. And when Bromley is ultimately developed, it will be capable of producing 20,000,000?—The works are laid down with that view of ultimately being able to make 20,000,000 a day.

4151. The works are not constructed at present?—No.

4152. But you have got a dock made there, and upon the side of that dock you have erected a large retort house, capable of making 5,000,000 cubic feet?—Yes.

4153. And there is in course of erection a second retort house?—Yes.

4154. And, ultimately, there will be a third and fourth retort house?—Yes.

4155. Each of those will be capable of producing 5,000,000 a day, making a total of 20,000,000, when the works are complete?—Yes; and gas holders, and other works to correspond.

4156. When a ship has arrived in the Pool, how do you convey your coals from the Pool to the St. Pancras Works; where does the ship go, first of all?—Into the Regent's Canal Basin, where she discharges into lighters provided by the company, under contract with lightermen. The coals are then conveyed along the Regent's Canal to King's Cross, and are delivered into the coal stores of the company.

4157. They are brought under a lift, where they are hoisted into the top part, and dropped into the vaults?—Yes, we use all the mechanical means we can to save labour.

4158. Have you, in addition to that mode of delivery of coals by sea, also communication to St. Pancras by the Great Northern Railway?—We have.

4159. That is a separate mode of delivery?—Yes.

4160. Does that mode of delivery make you to some extent independent of frost as far as the St. Pancras Station is concerned?—Yes, it does; but at an additional expense.

4161. What are the canal charges upon the coal so brought from the ship in the Regent's Canal Basin up to the St. Pancras Works?—The canal dues, independent of cost of lighterage, are 1 s. a ton.

4162. What is the cost of lighterage besides that?—The cost of lighterage is 6 d., at the present time.

4163. I shall hereafter have to compare it with some of the charges of the South Metropolitan Company?—I should add that we are obliged, in the case of St. Pancras, to bring a good deal by rail. That place, in consequence of the delay of getting capital, had to be enlarged beyond its capacity, and the coal stores were taken away, so that we have to bring a great deal of coal by railway, the coal stores there being very limited.

4164. The available space at St. Pancras Station having been largely used for manufacturing purposes, retort houses, &c.?—Yes.

Mr. H. Chubb.
15 June 1875.

4165. It has diminished your coal stores, and therefore you are dependent upon the railway for your daily supply?—Yes.

4166. *Chairman.*] There is just about a quarter of the gas made at St. Pancras?—Yes.

4167. Mr. *Richards.*] Now, take a ship arriving at the Regent's Canal, and wanting to get to Shoreditch, what is the cost then?—The same process, and the same dues.

4168. *Chairman.*] Do you take it to the Regent's Canal in order to get to Shoreditch?—Yes; there is a lay-by in the canal which runs into the works.

4169. Your coal, in that case, would come out from Limehouse?—Yes.

4170. Mr. *Richards.*] In each case, both at Shoreditch and St. Pancras, there is an indent of considerable length out of the canal into your works?—Yes.

4171. And then you say the charge at Shoreditch, in the shape of canal dues and lighterage, may be taken at 1 s. 6 d. a ton; which you say applies to St. Pancras also?—Yes; the dues and charges are the same, notwithstanding that the distance is a little shorter.

4172. Now with regard to Fulham; Fulham lies alongside the river?—Yes.

4173. Have you at Fulham a large dock?—Yes.

4174. Which communicates with the tidal creek, forming the mouth of the Kensington Canal?—Yes.

4175. How do your coals go from the Regent's Canal up to Fulham?—In the case of Fulham the ships discharge down the river at Messrs. Cory's, at the derricks or floating cranes, where the ships are unloaded by hydraulic machinery; the coals are put into barges, and from thence lightered up to the Fulham Works; they enter the Kensington Canal, and from thence into the dock attached to the works.

4176. The Kensington Canal is a tidal creek, is it not?—Yes.

4177. As far as the space between the main river and the dock gate goes, you are dependent for access to the dock upon the state of the river?—We are.

4178. What do you consider the charge is upon the coals coming from the point in the river which you call Cory's derrick up to the Fulham Works?—The lighterage and the dues on the canal, with other expenses attached, bring it to 1 s. a ton.

4179. Does that 1 s. a ton represent the same result as is represented by the 1 s. 6 d. in the other case?—Yes, it is not quite 1 s.

4180. *Chairman.*] Would your freight be any less because it is discharged lower down the river?—We get a little advantage in that.

4181. How much?—Probably 6 d. a ton.

4182. Altogether Fulham is 1 s. cheaper to you than either Shoreditch or Saint Pancras?—Very nearly 1 s.

4183. Mr. *Richards.*] That same matter of discharge or dispatch is an important matter in dealing with coals?—Yes.

4184. A shipowner attaches very great importance to it?—Yes; we generally invite tenders, deliverable at the derrick or in the canal, and the difference is about 6 d. a ton between the two.

4185. The value of that 6 d. being represented by the speed at which the thing is done?—Yes.

4186. And there being no necessity for the ship to come further up the river?—Yes.

4187. The ship gets home quick?—Yes.

4188. And they get as much as a voyage a year in addition?—Several voyages; the coals coming in screw colliers consider dispatch of great importance; in the canal you cannot get the dispatch that you do in the river.

4189. Now comes the Bromley Works; where are the coals discharged there?—The ships discharge at the derrick; the barges with the coal pass up Bow Creek, which is a tidal creek, and enter our works which are in a dock, and the coals can be unloaded there on a dead level.

4190. What do you put the charge there at, as compared with the 1 s. 6 d. of Shoreditch and the 1 s. of Fulham?—There is a charge there of only 4 d. a ton.

4191. In

4191. In any of those charges do you include the lifting from the barge up aloft in order to shoot them down to the several vaults?—The amounts I mentioned are the lighterage charges and the canal dues solely.

4192. What do you put it at per ton?—Something about $1\frac{1}{2}$ *d.* per ton.

4193. That is common to all the works?—It is common to all our works.

Chairman.] Would not that charge be common to all the companies?

4194. *Mr. Richards.*] It may be done in different ways. (To the *Witness.*) And, of course, considering the large amount of coals you have to deliver, it is a matter of constant care to distribute them as they are required at the several stations?—Yes, a most important business.

4195. Now with regard to these canal charges; can you tell us what the comparative canal charges of the South Metropolitan are?—The works of the South Metropolitan are on the Surrey Canal; the dues on that canal are 6 *d.* only.

4196. Therefore, there would be, as Mr. Livesey stated, a saving of 1 *s.*?

4197. *Mr. Cripps.*] No, of 6 *d.* as against your 6 *d.*: the dues are the same?—The dues on the Regent's Canal are 1 *s.*

4198. *Mr. Richards.*] Sixpence dues and 6 *d.* lighterage; the South Metropolitan dues would be 6 *d.* only?—Yes.

4199. Now as to the lighterage?—The coals are so near their works that the lighterage amounts to very little; the mode the Company adopts is to use their own barges, and I believe the cost is very limited indeed.

4200. *Chairman.*] Where is the delivery of their vessels?—In the Surrey Canal.

4201. Would not they have to pay more for freight for discharging in the Surrey Canal than you would for discharging at the derrick?—No, I think not; I think they get dispatch in that canal, which enables them to save the freight, in the way that we do at the derrick.

4202. *Mr. Richards.*] Then you say that the lighterage from their proximity to the works is very, very, small?—There is very little lighterage compared with our St. Pancras or Shoreditch stations.

4203. *Mr. Talbot.*] Compared with Bromley, it is about the same?—No.

4204. At Bromley, I thought you said you went straight up to your works?—Straight up to our docks; the navigation upon the Bow Creek is very circuitous; it is a tidal creek, and we have to wait for the tide.

4205. *Chairman.*] With regard to vessels coming from Newcastle, are they able to go up the Surrey Canal?—I believe so.

4206. *Mr. Bristowe.*] And they are discharged?—And they are discharged.

4207. *Mr. Richards.*] They are lightered up to Bow Creek in barges from a discharging derrick?—Yes; it makes the lighterage a little heavier than it would be on a canal with dead water.

4208. What saving have the South Metropolitan in their canal and lighterage payment, as compared with the Imperial; first, to Saint Pancras; second, to Fulham; thence to Shoreditch, and finally to Bromley; as against each of them?—I will omit Bromley, because at present it has a limited manufacture; I think upon the whole the best estimate I can make, taking our railway coal also into consideration, is this, that they get the advantage of 1 *s.* a ton.

4209. *Chairman.*] Strike out your railway?—That is a very important item; we get 80,000 tons a year brought by railway.

4210. *Mr. Richards.*] Just strike out the railway?—It is difficult to do it off-hand; but I do not think it will reduce it more than 3 *d.* a ton, at the outside; that is, excluding the railway.

4211. *Chairman.*] When you include the railway you do not include the difference between the freight and the railway charge; when you are talking about this 1 *s.*, you are not including the difference in the freight from Newcastle by sea and by land?—I take the whole thing into consideration.

Mr. H. Chubb.
15 June 1875.

4212. Mr. Richards.] The delivery by railway amounts to about 80,000 tons a year?—Yes.

4213. And a delivery by railway is absolutely essential to the existence of the St. Pancras Works?—The works would be impracticable without it.

4214. Chairman.] Why need you have the St. Pancras Works at all?—They are situated exceedingly well for the delivery of gas; the whole of the pipes are ramified out in every direction. These works are situated in the midst of a large demand for gas, and it would be very costly to abandon the works.

4215. And they are the oldest works?—Yes.

4216. Mr. Richards.] They are the oldest works, and the works most centrally situated, with reference to the district they have to supply?—Yes.

4217. Chairman.] It is on that account that you continue them and not because you wish to have the railway supply to guard against frost?—No; we would rather be elsewhere, if it were not that the district is so very well served from the works.

4218. Mr. Richards.] To get rid of Saint Pancras Works would be rather a difficult thing for the company?—We are making 6,000,000 feet of gas a day there; there must have been half a million spent upon the place at least.

4219. Chairman.] How much do you expect to make ultimately at your new works at Bow?—Twenty million cubic feet; that is really to take up the increase from year to year; the increase of those works depends upon new capital.

4220. Mr. Richards.] As to the sale of coke, you produce about a chaldron of coke to a ton of coal?—Yes.

4221. Chairman.] What does 1 s. a ton in the price of coal mean in the price of gas?—About 1½ d.; that is, 1 s. in a ton of coal means a difference of 1.33 in a thousand cubic feet of gas.

4222. Mr. Richards.] You divide the shilling by the number of thousand feet of gas a ton produces?—Yes.

4223. As to coke; a chaldron of coke, in round numbers, is produced from a ton of coals?—Yes.

4224. Of the chaldron of coke so produced, in round numbers, one-third is used for fuel?—Yes.

4225. Therefore for every three tons of coal carbonised, you have about two chaldron of coke to sell?—Yes, that is about the amount.

4226. I have it in round numbers, and it is notorious that of the chaldrons so produced about one-third is used for fuel, leaving two-thirds for sale?—That is the usual proportion. I see upon reference to Mr. Field's tables, that the percentage of 1873 was 28 in the case of the Imperial and 29 the average among all the companies, of the coke consumed as fuel.

4227. I said in round numbers; of course it will depend to some extent upon the quality of the coke?—Yes; if there is much cannel we require more coke to keep up the heat.

4228. The cannel coke being extremely poor?—Yes.

4229. What is the course you pursue as to the sale of your coke?—We endeavour to sell it at the best possible price, in various ways.

4230. In the first place you are limited as to your storage of coke?—Yes, and it does not pay to store it; Mr. Livesey was quite right in saying that.

4231. You never feel inclined to store it; is that on account of the detritus, which works away in breeze, and which diminishes the value of the coke?—Yes.

4232. In storing coke, you have to back it out of your vaults and put it on the top of a mound, and remove it from the mound afterwards into trucks?—Yes.

4233. And it is obviously more economical to sell it straight out of the vaults in the first instance?—Yes.

4234. And your object is to sell it straight out of the vaults to the dealers?—Yes.

4235. Chairman.] Does keeping it waste it away?—Yes; it slacks like lime
would

would by the influence of the air and weather, and pulverises very much indeed ; it is very tender, and slacks by the wet.

Mr. H. Chubb.

15 June 1875.

4236. Mr. *Richards*.] Do you find, in the case of the Imperial, that the large quantities of coke produced are in excess of the demands of the neighbouring markets?—Yes ; that is a misfortune under which the Imperial Company are placed. The large quantity of coke made in excess of that wanted in the immediate neighbourhood for the use of the population of that neighbourhood.

4237. Carbonising, as you say, 2,100 tons, it would give you about 1,400 chaldrons of coke a day to dispose of?—Yes.

4238. You were obliged to regulate the price of your coke pretty much by what you can get day by day for it?—Yes, that is pretty much the way of selling it.

4239. Who buys your coke?—A large number of small dealers ; and the whole, or a great number, of the dealers, buy it for steam engines, where they are compelled not to make any smoke ; for laundresses, and people of that kind.

4240. And market gardeners?—Yes, for hothouses.

4241. In consequence of the excess of the supply over the demand in the neighbourhood, have you found it good, and expedient, and profitable, to make contracts to supply large dealers with large quantities?—It is the only way the Imperial Company can get rid of the excess they make, by securing other markets than in the immediate locality of the works.

4242. Do you take large contracts to supply people at some considerable distance?—Yes, our chief customers are the cement makers in the Medway, and lower down the Thames ; at the mouth of the Thames.

4243. Do you find, by reducing your heap, that you leave a balance more readily adapted to the wants of the neighbourhood?—That is the mode adopted, for the purpose of leaving only just sufficient in the neighbourhood for the wants of the district.

4244. Your present mode of working is the result of your experience?—Yes.

4245. Have you ever been actuated by any other desire than to get the largest amount of money you can for your coke?—We use our utmost endeavours to get the utmost farthing for the coke.

4246. *Chairman*.] Are the contracts taken at a fixed price for a length of time, or are they taken at the market price of the day?—The price is given for a length of time.

4247. I believe that the price of coke has fallen lately?—Yes.

4248. Your contracts have been to your advantage?—We have not been able to make any contracts till lately ; they held off, and it obliged us to store at some places with great difficulty.

4249. Mr. *Richards*.] Many people held off making contracts?—Yes ; in 1874, so many of them were bitten in that way, that they refrained from making any contracts at the beginning of the year, till the coal came down in price ; the expectation was that it would fall, and they waited for it.

4250. *Per contra*, in 1874, people made contracts at high prices, and found themselves with a falling market at the end of 1874?—Yes.

4251. Mr. *Birley*.] What is the highest price you recollect for coke?—25 s. a chaldron for a very limited period.

4252. Mr. *Richards*.] Twenty-five shillings a chaldron was for five days the highest you have known?—Yes.

4253. *Chairman*.] That being the case in 1874, your principle of contracts must have given you considerable advantage in the sale of coke?—In 1874 we did not do so much as in 1873.

4254. Did not you say that the prices were very high at the beginning of 1874, but that still you were willing to take contracts?—The result was, however, that we did not get so much for our coke in 1874 as in 1873.

4255. Mr. *Richards*.] It is constantly said that if there is a rise in the price of gas coal, there is a relative rise in the price of coke ; is that true?—It is to some extent.

Mr. H. Chubb.

15 June 1875.

4256. Is not the real competitor of coke household coal?—Yes, and steam coal.

4257. And large gas companies are compelled to buy coal by contract?—Yes.

4258. Has not it within your experience happened, that whilst the companies under contracts originally judiciously made, have been paying high prices for gas coal, household coal has fallen and coke has fallen also?—Yes; the price of coke is very irregular, it does not strictly follow the price of gas coal, but it follows the house and steam coal in London, which is not always the same as gas coal; but to a certain extent the price of gas coal does increase with the price of other coal.

4259. *Chairman.*] Do you make your contracts for the purchase of coal irrespective of the price and quantity; for instance, would you, if coal was very high, contract for as large a quantity of coal as if it was low?—No, we should leave a little, in the hope of its going down; that depends upon circumstances; we endeavour to find out whether it is going to rise or fall. In the case of 1873, the difficulty was to get coal at all, to get any contract; and, under those circumstances, the directors contracted for all they wanted, and if they had not done so, they would have fallen short of coal; but it depends not only upon the price, but upon the probability of the demand.

4260. There is a certain time of the year at which you think it is necessary to lay in your stock of coals?—Yes.

4261. Do you year by year contract for about the same quantity in proportion to your production, allowing for an increase year by year; or does the quantity you contract for seriously depend upon the price and upon your expectation of a rise or fall?—It depends upon a variety of circumstances. Our system of business depends upon the rise or fall of the market or the demand for coal.

4262. Take the year before the great rise, that was 1871, was it not?—1871.

4263. What would be the amount you would contract for in March 1871 as compared with March 1873?—In March 1871 we wanted 300,000 tons of coal, and, speaking from memory, I think we contracted for the whole of it in the spring of the year. In 1873 we could not secure contracts for the whole of our quantity of coal; we made an effort to do so but failed, and we had to get afterwards about 70,000 or 80,000 tons, in addition to what we got contracted for.

4264. In March 1874, what did you do; the price was still high, was not it?—Yes; I forget what was done on that occasion; my impression is that we obtained as much coal as we should require that year in the spring of the year.

4265. Mr. *Birley.*] I see that in 1866 you made one contract for 720,000 tons of coal; that lasted for six years?—Yes.

4266. Do you recollect the circumstances of that contract, for it must have been very unusual?—That is almost the only contract for a long term of years that we ever made, and it proved to be rather beneficial.

4267. Yet you paid rather more than you paid two months later for a smaller quantity?—On the whole that contract was a very beneficial contract.

4268. Mr. *Richards.*] It will not unfrequently happen that in the course of the summer you may pick up a few cargoes at a cheaper rate per ton than your contract price?—Very frequently you may do so; strange ships coming up the river having no sale are ready to be picked up very cheaply.

4269. *Chairman.*] Notwithstanding that a high price was ruling in 1874, in March you still thought it necessary to make your purchases?—That was of course done.

4270. Mr. *Richards.*] Supposing you had not made your purchase in the spring of 1874, where would you have been in the winter of 1874?—My recollection of the year is this, that if we had not secured it in the spring of the year, we should have been unable to obtain it in November in sufficient time to fill our cellars, and to secure coal for the winter time.

4271. *Chairman.*] The price was a good deal lower in November than in March?—Yes, but we could not have got the coal; it was placed.

4272. Mr.

4272. *Mr. Richards.*] Is it possible to wait till November; must not you have your stores filled in November?—We must have them filled in November, or we cannot get them filled after.

4273. Over and above your daily consumption?—Yes.

4274. November your consumption is so great that you have no means of filling up your stores in addition to the daily consumption?—No, unless we have our stores filled in November, it is impossible to fill them afterwards; such a pressure on the river and canal arises, and other circumstances arise, so that we find practically we cannot fill up the stores afterwards.

4275. *Mr. Bristowe.*] You must, in fact, fill up your stores during the slack times?—Yes.

4276. *Mr. Richards.*] And you must nibble at the store week by week, the quantities that come in being almost invariably less than you are actually consuming?—Yes.

4277. In addition to that, you have to face the chance of frost, which may exhaust your stores?—Yes.

4278. *Chairman.*] You said your vaults when full would hold three weeks' consumption?—Yes.

4279. What is the lowest that you bring the vaults down to?—Last winter we brought them down to 10 days' consumption.

4280. Then it is a question of how long it will take you to get a fortnight's consumption into your vaults?—Yes.

4281. Supposing you set to work buying in the beginning of September, would not it have enabled you to have filled by November?—We find that unless we take our contract in spring, the coal we require is all placed somewhere else. The coalowners cannot leave their pits unprovided with contracts; they have to place their coals for the year, and if we go to them late in the year, they have none to sell.

4282. *Mr. Bristowe.*] There are certain coal mines more eligible for your purpose than others?—Yes.

4283. *Mr. Richards.*] And certain coal dealers are a good deal more eligible than others?—Very much so.

4284. Unless you are dealing with men of character and capital, you have no confidence that your coals will be delivered at the moment you want them?—It depends upon whether the contract is a good or bad one.

4285. *Chairman.*] That is an explanation of what struck me as a curious fact, that your being such very large customers does not in your opinion enable you to buy coals cheaper, but enables you rather to buy coals dearer?—I am afraid it operates that way. A small undertaking could pick up their coals cheaper than we could.

4286. *Mr. Brassey.*] Would it answer your purpose to be able to provide larger stores, so as to enable you to receive a larger part of your supply in the summer months?—The coal diminishes by keeping. It is apt to fire in the vaults, and it diminishes very considerably by keeping in store in, that way; we want it fresh.

4287. The coal for gas purposes diminishes specially from long keeping, does it not?—it does.

4288. *Mr. Richards.*] It consumes by spontaneous combustion?—Yes.

4289. Therefore, on the one hand, you have the absolute necessity of having sufficient stores to meet the possible contingency of frost, or any impediment of that sort; and, on the other hand, you have the undesirability of loading your vaults, on account of the coal slacking and taking fire?—If it were possible, it would be desirable to get the coal and use it immediately on its arrival, but that is impossible in practice. We must keep some stock, and the less we keep the better.

4290. Turning to the question of coke, and the mode in which you sell your coke, do you find, with reference to the South Metropolitan Company as compared with yourselves, that they have a better market for their coke than you have?—They have undoubtedly a better market than the Imperial Company have for their coke.

Mr. H. Chubb.

15 June 1875.

4291. What do you attribute that to?—It is because they sell the whole of the coke which they make in the district in which their works are situated.

4292. That is to say, their production is very much smaller and better adapted to the requirements of the neighbourhood?—Yes, their production does not exceed the wants of the neighbourhood.

4293. What do you consider the difference in the price of coke per chaldron which the South Metropolitan Company get, as compared with what you get?—I see that Mr. Livesey gave the difference as 1 s.

4294. At what answer was that?—I think it was at answer No. 1222. The difference in favour of his own works over other companies he put, I think, at 1 s. per chaldron.

4295. He was asked by the Chairman, "Do you imagine that you get a larger price for your coke than is obtained by the companies generally throughout London? (A.) A slightly larger price. (Q.) About how much? (A.) Perhaps 1 s. a chaldron"—Yes.

4296. When you come to take the net cost of the coals, less residuals—

Chairman.] Are we to understand that this witness agrees with Mr. Livesey?

Witness.] I think that Mr. Livesey has not taken nearly enough. He admits 1 s., but I see, by reference to Mr. Field's book for the year 1873, that the South Metropolitan Company got 4 s. a chaldron more than the Imperial Company for their coke, and 3 s. 6 d. per chaldron more than all the other companies. It is the first page in the year 1873, "Average price per chaldron of 36 bushels of coke sold, less charges, South Metropolitan, 19 s. 3 d. 2"; the Imperial Company was 15 s. 2 d. 3.

4297. *Mr. Richards.*] That is 4 s. 1 d. difference?—Yes, a little over 4 s.

4298. The average being 15 s. 9 d. 3?—Yes.

4299. That shows an advantage to the South Metropolitan Company of 4 s., does it not?—Four shillings against the Imperial Company, and 3 s. 6 d. in their favour against the other companies.

4300. Whatever is the price which is obtained per chaldron for the coke, is it a thing, so far as you can see, which is absolutely beyond the control of the company?—It is quite beyond their control.

4301. I presume that nobody suggests that you have ever sold your coke for less than you could get?—I have not heard it suggested.

4302. Will you state to the Committee exactly the course which is adopted; you are limited in your power of storage of coke?—Yes.

4303. You cannot wait, even if waiting would do you good, beyond a certain point?—That is so.

4304. You must sell your coke in order to have room to store a fresh supply?—We must.

4305. You know that storing coke after all diminishes its value, in consequence of the labour which is expended upon it, and the detritus?—It does.

4306. *Chairman.*] Take their one station; would they have much less coke to sell at that station than you have at each of your four stations?—Much less. I suppose their utmost make in one day does not exceed 3,000,000 cubic feet. At Fulham it is 8,000,000, and at St. Pancras it is 6,000,000.

4307. *Mr. Richards.*] What is the quantity of tons of coal that the South Metropolitan Company carbonise per diem, or per annum?—In 1873, the South Metropolitan carbonised 73,000 tons, and the Imperial Company carbonised 393,000 tons.

4308. *Chairman.*] That is about one-third; it is not, after all, such a very great difference?—The reason is that they have a neighbourhood in which they may sell coke; they have no competition with surrounding companies.

4309. *Mr. Richards.*] Can you, after many years' experience, suggest any mode in which the Imperial Company could sell their coke, by which they could get a better price than they do now?—I cannot suggest anything better than we have adopted. It has been a very serious inquiry with the directors
from

from time to time, and no better system has been devised than that which we adopt now, and which we have adopted for some time.

Chairman.] Comparing your Bow Works with the South Metropolitan Works, it appears to me that there is no very great difference between them.

Mr. Richards.] The Bow Works are literally not yet in what may be called decent working; they were only started last winter.

Witness.] But taking that district which you speak of, there is no neighbourhood at all in Bow in which to sell it; we are entirely dependent upon the cement makers for clearing those works.

4310. *Chairman.*] What is the special advantage which the South Metropolitan has?—They are in the midst of a district which demands coke.

4311. Why?—I do not know why.

4312. Is it on account of the denseness of the population?—It is on account of the want of the material in some way.

4313. *Mr. Bristowe.*] Are there any local manufactories, or otherwise?—It may be so; but in fact they are able to sell at their works all the coke that they make, without having to make contracts at all. *Mr. Livesey* himself says that he sells it locally, that is to say that people come and fetch it; but in our case it is not so. Speaking of the works at St. Pancras, we have competition even by the railway; they bring coke up from the country, and sell in the immediate neighbourhood cheaper than we like to supply it.

4314. *Mr. Birley.*] Where does that coke come from?—It even comes from as far as Nottingham to London, and from other country districts where they have no sale for it locally.

4315. *Mr. Brassey.*] Is there any consumption for domestic purposes in the South Metropolitan district?—I think that it must be more suitable for the consumption of coke than ours; I have not resided there, and do not know it, but *Mr. Livesey* says he is able to sell every bit of coke he makes by people coming to fetch it from the works, whereas we have to get contracts for ours.

4316. *Mr. Richards.*] Nobody stores coke, I presume, if they can avoid it?—Certainly not.

4317. If you do store coke it is in the hope, which may turn out delusive, that by waiting a day or two you may get a better price?—That is the only reason why we store.

4318. Let me call your attention to what *Mr. Livesey* says in answer to Question 1223: *Mr. Venables* says, "I suppose the gas companies cannot always store all their coke; when they have filled whatever space they have applicable to storing coke, they must sell the coke at whatever they can get for it?—*A.* They must sell it, and it is their best policy to do so. *Q.* They must sell it for whatever they can get?—*A.* Yes. *Q.* When you say it is their best policy, it must depend upon whether it was a rising or falling price?—*A.* I have been in business for 25 years, and I have only known one single occasion on which it has answered to store coke." *Mr. Livesey* I remember went on to say at some period something about the companies storing coke; do you remember any period at which the Imperial Company in any way began systematically to store coke?—We have had to do it on occasions when there was literally no demand for it.

4319. That is to say when extremely wild weather may suddenly occur in the winter your manufacture of gas still continues to be enormous, and your supply of coke is enormous, but there happens to be no demand for the coke?—That is what happens very often in the winter time; there is literally no demand for it at any price.

4320. Then the choice lies between selling it at a ridiculously low price, or storing it for a time?—Yes.

4321. And in those works where you have any power of storing you have under those circumstances to store it?—Yes.

4322. Simply with a view of getting a better price?—That is the idea.

4323. Supposing that you sell the coke at slack times at an extremely low price, is not the result that the dealers themselves store it, and then when the

Mr. H. Chubb.
15 June 1875.

price rises you find that the dealers are also supplied, and that you cannot sell your coke?—Yes, that is so.

4324. What do you put as the difference, taking the average of five years, between the South Metropolitan and the Imperial Companies in the price that they have got per chaldron for their coke?—I will give you a table which I have prepared for that purpose, showing it exactly.

[The following Table was delivered in :—]

COMPARISON between the IMPERIAL, the SOUTH METROPOLITAN, and the Average of all the other Companies of—

- | | | | | | |
|-------------------------------|---|---|---|---|--------------------------|
| 1. The First Cost of Coal | - | - | - | - | } per 1,000 feet of Gas, |
| 2. The Receipts for Residuals | - | - | - | - | |
| 3. The Net Cost of Coal | - | - | - | - | |

For Five Years ending in 1873.

	Date.	Imperial.	South Metropolitan.	Average of all the other Companies.
		s. d.	s. d.	s. d.
First Cost of Coal - - - - -	1869	1 10 ³⁵	1 7 ²³	1 11 ²⁰
Ditto - - - - -	1870	1 10 ⁵⁰	1 7 ¹⁵	1 11 ¹⁸
Ditto - - - - -	1871	1 9 ⁶⁷	1 7 ²²	1 10 ⁵⁵
Ditto - - - - -	1872	1 11 ⁹⁹	1 10 ⁵¹	2 1 ⁵³
Ditto - - - - -	1873	2 10 ⁰	2 8 ⁸²	2 10 ⁸³
TOTAL - - -		10 4 ⁵¹	9 4 ⁹³	10 9 ²⁹
Average for the Five Years - - -		2 0 ⁹⁰	1 10 ⁵⁸	2 1 ⁸⁶

Difference in favour of the South Metropolitan over Imperial - - - 2³² d.
Ditto - ditto - over the Average of all the other Companies - - - 3²⁸ d.

Receipts for Residuals - - - - -	1869	- 7 ⁷⁹	- 9 ⁸¹	- 9 ⁰⁷
Ditto - - - - -	1870	- 9 ²⁷	- 10 ⁶³	- 9 ⁸⁵
Ditto - - - - -	1871	- 8 ⁵²	- 10 ⁸⁷	- 9 ⁰⁶
Ditto - - - - -	1872	- 11 ⁴³	1 1 ⁹³	1 0 ³¹
Ditto - - - - -	1873	1 6 ¹¹	1 9 ⁶⁸	1 6 ⁷⁷
TOTAL - - -		4 7 ¹²	5 6 ⁹²	4 11 ⁰⁶
Average for the Five Years - - -		- 11 ⁰²	1 1 ³⁸	- 11 ⁸¹

Difference in favour of the South Metropolitan over Imperial - - - 2³⁶ d.
Ditto - ditto - over the Average of all the other Companies - - - 1⁵⁷ d.

Net Cost of Coal per 1,000 - - - - -	1869	1 2 ⁵⁶	- 9 ⁴²	1 2 ¹³
Ditto - - - - -	1870	1 1 ²³	- 8 ⁵²	1 1 ³³
Ditto - - - - -	1871	1 1 ¹⁵	- 8 ³⁶	1 1 ⁴⁹
Ditto - - - - -	1872	1 0 ⁵⁶	- 8 ⁵⁸	1 1 ²²
Ditto - - - - -	1873	1 3 ⁸⁹	- 11 ¹⁴	1 4 ⁰⁶
TOTAL - - -		5 9 ³⁹	- 46 ⁰²	5 10 ²⁸
Average for the Five Years - - -		1 1 ⁸⁸	- 9 ²⁰	1 2 ⁰⁵

Difference in favour of South Metropolitan over Imperial - - - 4⁰⁸ d.
Ditto - ditto - over the Average of all the other Companies - - - 4⁸⁵ d.

Witness.] I have put coke with other residuals because in fact the same thing applies to both cases in a measure.

Mr. H. Chubb.

15 June 1875.

4325. But the other residuals are very small as compared with coke, are they not?—The item of tar is an important one; the heavy cost of lighterage affects the Imperial Company also in that material, but coke is the most important. I find, taking the five years from 1869 to 1873 inclusive, that the South Metropolitan Company got 2 *d.* 36 per thousand cubic feet in excess of the Imperial Company upon their residuals, and over all other companies of 1½ *d.*

4326. *Chairman.*] What does that represent in the price of gas?—Two pence per thousand feet in the price of gas.

4327. *Mr. Richards.*] From the sale of coke, over which the company has no control?—That is so, entirely owing to local circumstances.

4328. When I say no control, I mean that they are doing their very best to get the best price they can, but still they must sell it, and they cannot control that price?—That is so.

4329. *Mr. Talbot.*] They did not get the highest price of all the companies for residuals, did they?—I think that one company, the Ratcliff Company, did a little better than they did; the Ratcliff Company is in very much the same position; a very small quantity of coke is supplied by them. But the company, with all the efforts that they can make, cannot control the price which they obtain from their residuals. We use the utmost ingenuity to attain that purpose; we advertise; we have local agents everywhere; we put it on the face of our collectors' bills, and we use every possible means to sell this material.

4330. *Mr. Richards.*] Can you, after the experience which you have had, suggest one single step that the Imperial Company omit which they ought to adopt, for the purpose of increasing the price of their coke?—It cannot be improved. Unless some local trade arises, which would take away all our coke, there is no possible means of getting rid of it in any other way than we do now.

4331. You spoke of the difference in favour of the South Metropolitan Company as regards residuals; just go on with that paper which you have in your hand?—I have taken the first cost of the coal per thousand cubic feet.

4332. Is that for the same five years?—That is for the same five years.

4333. Taking the first cost of the coal for the five years from 1869 to 1873, both inclusive, what do you find to be the average for the whole of the five years for the South Metropolitan?—The South Metropolitan Company advantaged over the Imperial Company 2 *d.* 32 per thousand cubic feet.

4334. By the first cost of the coal, do you mean the cost of the coal delivered into the vaults?—That is so, adding on the expense of the lighterage and the expense of taking it to the vaults for use.

4335. These items which you have mentioned, as canal dues and lighterage, are debited against the Imperial Company?—They are.

4336. And any benefit that there is to the South Metropolitan Company is credited to them?—Yes.

4337. And you find that the advantage to the South Metropolitan Company over the Imperial Company is 2 *d.* 32?—It is so.

4338. And that is due to the local situation of the Imperial Company?—I say so.

4339. You have dealt with the receipt of the residuals which you show to be in favour of the South Metropolitan Company over the Imperial Company to the amount of 2 *d.* 36; now take the net cost of the coal?—The net cost of the coal in that way has reduced the Imperial Company to a disadvantage as compared with the South Metropolitan Company to the extent of 4 *d.* 68 per thousand cubic feet of gas, adding the two together.

4340. That represents circumstances which are in your judgment absolutely beyond the control of the Imperial Company?—Yes.

4341. You have worked out another table from these books, I think, which is a statement of the working expenses of the several metropolitan companies during the five years ending 1873, comparing the South Metropolitan Company with the Imperial Company, and all the other companies?—Yes.

Mr. H. Chubb.

15 June 1875.

[The following Table was delivered in :—]

STATEMENT of the Working Expenses of the several Metropolitan Companies during the Five Years ending 1873, comparing the South Metropolitan with the Imperial, and all the other Companies.

YEAR.	South Metropolitan.	Imperial.	Average of all the Companies.
	<i>Per 1,000 Feet of Gas sold.</i>	<i>Per 1,000 Feet of Gas sold.</i>	<i>Per 1,000 Feet of Gas sold.</i>
	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
1869 - - -	1 3·40	1 1·19	1 3·02
1870 - - -	1 4·32	1 3·74	1 4·
1871 - - -	1 2·98	1 4·68	1 3·93
1872 - - -	1 3·57	1 2·31	1 4·06
1873 - - -	1 2·66	1 3·91	1 5·53
Average of Five Years - - - }	1 3·38	1 3·16	1 4·23

South Metropolitan in excess of the Imperial - - - - 0·22 d. per 1,000

South Metropolitan lower than the average of all the Companies - 0·85 d. "

4342. You have taken the same five years from 1869 to 1873 inclusive?—Yes. This is a statement of the working expenses of all the metropolitan companies, that is to say, of those expenses which are affected by good management, which an engineer, by skilfully economising labour and conducting his works in a clever way, could reduce or increase. It includes all expenses except the cost of the coal and the sale of residuals.

4343. *Chairman.*] Does it include salaries?—It includes salaries, the expense of manufacture and charges, wages, and wear and tear.

4344. Does it include collectors?—It includes collectors.

4345. *Mr. Bristowe.*] Does it include the cost of distribution?—It includes the cost of distribution.

4346. *Mr. Brussey.*] Is there anything allowed for depreciation of plant?—The wear and tear is included.

4347. The works are kept up?—The works are kept up in full repair and in good condition.

4348. Are they kept up out of revenue or out of capital?—Out of revenue.

4349. *Mr. Birley.*] But there is, properly speaking, no wear and tear account; you simply keep up the works at the cost of revenue?—That is so.

4350. But you do not reduce the valuation of them in any sense?—No.

4351. *Chairman.*] How long is a retort supposed to last?—Three or four years.

4352. In taking stock do you take a new retort at its cost price?—We take it at its value for the number of years it has been in use, and at an estimate of the length of time which it has got to last.

4353. What sum does a retort cost?—The chief cost is the labour of setting it. The engineer probably would speak to that; 4 s. 6 d. a foot is the cost of the retort itself.

4354. Supposing that a retort cost 40 l., and that you have had that retort in use for a couple of years, would you in taking your stock value it at 40 l.?—We should take off the number of years during which it has been at work.

4355. That is what my honourable friend and myself understand to be a wear and tear account?—In that particular item of retorts that mode is adopted.

4356. *Mr.*

Mr. H. Chubb.

15 June 1875.

4356. Mr. *Birley*.] How is it shown in your accounts?—It is shown under the head of retorts; it is a large item, but still it is only one of a great many under the head of wear and tear; but the object is to get into the particular year the cost of the work done in that year, less the wear and tear of that year.

4357. Mr. *Field* was asked in the inquiry before the Commissioners about depreciation, and he said, "We have no depreciation account at all, and I very much wish we had." That seems to me rather contradictory to what we have heard from Mr. *Burke*, that there was a wear and tear account; I understand the two to be practically identical:—In the case of retorts there is something of that kind; but there are a large number of other things constantly dying away which have to be restored, such as the gas-holders, for instance; there is no depreciation there, and in time our gas-holders must give way, undoubtedly.

4358. Mr. *Brassey*.] When one of them wears out, and you have to replace it, is there a collapse of capital to that extent?—No, it is carried to the revenue; the time has not arrived when any of those large gas-holders have perished, but the time must come when they will perish, and will have to be restored out of new revenue.

4359. The wear and tear of the gas-holders is very slow, I suppose?—It is slow; the first gas-holders which were put up were of course much smaller than those which were put up afterwards; several of those have been taken away, and we have had to write off to capital and bear to revenue all the original cost of those gas-holders.

4360. Are you able to sell them to other small companies?—They do not move; they have to be broken up.

4361. Mr. *Richards*.] But none have been superseded but those which were pretty well worn out?—They might have lasted, but they were not serviceable for modern manufacture; they were not large enough.

4362. I do not pretend to be a great accountant, but that mode of keeping your accounts seems to be wear and tear, and not to exhibit a depreciation fund?—That is what it is intended to be.

4363. *Chairman*.] Is there there anything else to which that applies but the retorts?—There is nothing else to which it applies but the retorts.

4364. Mr. *Richards*.] Whatever you do the whole thing is overhauled by the public auditor, is it not?—Yes, continuously.

4365. You have a public auditor working away every month?—Yes, the auditor appointed by the Board of Trade visits the offices and the works if need be. He has all the bills before him, with the accountant, and every explanation which he requires is given to him.

4366. And the public auditor prescribes the form of accounts?—He does.

4367. Which are accurately observed?—They are.

4368. Where is this depreciation fund in any form?—There is none that I am aware of, unless the retorts might be so called, but it is not so, in fact. I think that if it is followed out and properly described to the Committee they will see that that is no depreciation fund.

4369. I thought that a depreciation fund was a sum set by year by year to represent the lessened value of your plant; is not that a depreciation fund?—That is what I have always understood it to be, and I should so describe it.

4370. The only case in which I know that a gas company had a depreciation fund is in the case of leasehold property?—Yes, that is so. Several companies in London have some leasehold property on short terms, and there is a fund appropriated to meet the leases when they fall due.

4371. When the company are erecting new retorts in a new retort house, that is charged to capital account, is it not?—Yes.

4372. For instance, if you were to erect a new retort at Bromley, that would be charged to capital account?—Yes.

4373. But where you to replace retorts that have been burnt out, more or less, it would be done out of revenue?—Yes.

4374. And it forms part of the annual expenditure?—Yes.

4375. If the old retort so replaced is worth anything, which in fact it is not, credit is taken for that?—Of course.

4376. So again, if you deal in the same way with a purifier or gasholder, the same thing is done, is it not?—The same rule applies to everything.

Mr. H. Chubb.
15 June 1875.

4377. Mr. *Brassey*.] When you find that a gasholder is too small, and you replace it by a larger gasholder, then the cost of that larger gasholder is defrayed out of capital, is it not?—The additional cost and the additional quantity that it will hold.

4378. The sum which you deem to be the value of the smaller gasholder, when you replace it, you charge to revenue?

Mr. *Birley*.] May I read a few questions from Mr. Field's examination before the Commissioners, at page 527, because that will entirely explain what I mean. He is asked: "You write off a certain amount for depreciation? (A.) No. (Q.) The amount of capital for mains goes on increasing from year to year? (A.) Yes; I should very much like to have a depreciation fund, but we have not got to it yet; we ought to have it. (Q.) Has that been the system of your company from the first? (A.) It has. (Q.) The probability is, that the mains which you now possess are not worth much more than one-third of the total amount? (A.) They certainly are not worth the amount standing in our books. (Q.) Dividend has to be paid on what may be taken to be exhausted capital? (A.) If we had written-off depreciation we should have to charge that to revenue, and therefore increase the price of gas. (Q.) You would have increased it prior to the arrangement for fixed dividends; you would have diminished the dividend prior to that period? (A.) We should be still charging year by year; we should require a larger price to meet the depreciation, the works, and everything else. (Q.) You do not quite follow my question. When the company entered on the period of maximum dividends they would have had a smaller amount of capital if they had written off for depreciation a certain amount each year for mains which were exhausted? (A.) Before we had our fixed dividends we did write off about 280,000 *l.* for depreciation; there was a surplus profit of 180,000 *l.*, which was represented by 130,000 *l.* bonds, and the difference was written off as depreciation of our plant, and that was at the time of our fixed dividends. All replacement of mains is charged to revenue."

4379. Mr. *Richards* (to the Witness).] Have you any power of putting aside a depreciation fund?—None whatever.

4380. If you could write off capital, against whom is the capital to be written off?—There are no means of doing it under our existing Acts of Parliament.

4381. You cannot set aside a depreciation fund of any form or kind by law, can you?—I understand not.

4382. And the public auditor would not permit it?—No, certainly not.

4383. If you do put by a depreciation fund you must raise the depreciation fund; you must get it out of something or another?—Yes, of course.

4384. Do you know of any instance of a metropolitan gas company setting aside a depreciation fund?—None, except in that matter of leasehold property.

4385. To follow out the question which the honourable Member for Hastings put to you just now, take the case of a small gas-holder for which you substituted a larger one; the larger gas-holder would be charged to capital, would it not, but the value of the superseded gas-holder would be deducted from it?—Yes, that is the mode which we adopt. Supposing that the larger gas-holder were double the size of the smaller one, one-half would be charged to capital and one-half would be written off to revenue.

4386. Of course the actual division is a matter of, sometimes, nice calculations?—Yes; I have given double for the sake of illustration only.

4387. When anything of that sort is done, does Mr. Parkes, the auditor, check it?—Yes; and we generally call his attention to it, in order that it may be clearly understood, and that we may be acting in accordance with his wishes in the matter.

4388. I believe you have never had one single difference or dispute with Mr. Parkes since he first began?—No; he sometimes has his own views on questions which may not always be in accordance with ours.

4389. But what he suggests should be done, you do?—We do.

4390. Take a case of where a main is renewed, and a 12-inch main is substituted,

Mr. H. Chubb.

15 June 1875.

tuted, say, for a 4-inch main; the 4-inch main being still a good available main, but being insufficient for the wants of the neighbourhood, what is your course then?—In practice, we do not take up the old 4-inch main. It is not worth while to do it. The iron is not worth the labour of extracting the old one, but whenever it is done, the same course of business is adopted as in the case of the gas-holder. The addition is written to capital, and the remainder to revenue. But very seldom do we take up an old main, for the reasons I have given.

4391. *Chairman.*] In that case, the whole cost of the new main would be written to capital?—It is in addition. No more is put down than is actually wanted for additional service.

4392. *Mr. Bristowe.*] Do you not, in such a case deduct, as against capital, the sale of the old material?—Yes, whenever we take it up.

4393. *Mr. Richards.*] An old main will not pay for the labour and trouble of taking it up, will it?—No, and it is serviceable in the ground.

4394. *Mr. Bristowe.*] Where it is done, it is charged as against the original prime cost, and so in reduction of capital?—It is.

4395. *Mr. Richards.*] Has that always been the case with the Imperial Company?—Invariably.

4396. Does the public auditor approve it?—At the commencement, Mr. Parkes, the public auditor, went over our whole proceedings and course of business, and approved of some, but thought that other matters might be amended; but, generally speaking, he adopted the whole of your proceedings previously to his auditing, as being a correct mode of keeping the accounts.

4397. I believe, when he went over the capital account in 1869, he did not alter one single penny of the accounts that had been presented to Parliament for years before?—Not a farthing.

4398. *Mr. Brassey.*] So that you would say, speaking generally, that you charge renewals to revenue, and only new works to capital?—That is strictly so.

4399. *Mr. Bristowe.*] And you carry to revenue everything expended in keeping up your plant to the working point?—In full working order.

4400. *Mr. Richards.*] Will you continue your description of the Table?—Taking five years of the working expenses, which I have described to be all other expenses and all other costs, except the cost of the coal, and what we get for residuals, for the five years, the South Metropolitan cost was 1 s. 3 d. '38, the Imperial, 1 s. 3 d. '16, and the average of all the companies was 1 s. 4 d. '23. So that the South Metropolitan were in excess of the Imperial in this item to the extent of '22 d. per 1,000, and lower than all the other companies by '85 d. per 1,000.

4401. That is the result, after deducting the cost of coal and the value of residuals, over which you have pointed out that the company has, from circumstances no control?—Yes.

4402. *Chairman.*] You have stated that as regards the sale of coke and the purchase of coal, the South Metropolitan Company has an advantage from its local position; will it not, as regards working expenses, have a disadvantage from the size of its district and the comparative sparseness of the population?—No, I think not.

4403. Is not the area very much larger in proportion to the sale of gas than that of the Imperial?—In fact, those rural districts have an advantage in some respects. The heavy traffic we find to be the chief trouble with the mains in the streets. It injures the joints of the pipes and causes leakage, and we suffer more on account of heavy vehicles passing over than on account of almost any thing else.

4404. But the expense of collecting must be considerably more, must it not?—That is always a commission, and it would not amount to much.

4405. And you would require a larger quantity of mains and pipes in proportion to the supply, would you not?—I do not think there is much difference between us; I do not know the mileage of the South Metropolitan pipes.

4406. *Mr. Brassey.*] Is there a great demand for coke for garden purposes
O O where

Mr. H. Chubb.
15 June 1875.

where gardens exist?—The market gardeners are our chief customers for coke, as at Fulham.

4407. Are you prepared to say that there is likely to be a greater demand for coke for garden purposes in the South Metropolitan district than in the Imperial district?—I do not know for what purpose they want it, but they do sell their coke, and Mr. Livesey admits that every bit of it is fetched away from their works at prices far exceeding those of any other companies. He admits that to the extent of a shilling. I do not know what the mode of sale is, but I find, in fact, that he benefits to a very much larger extent than that.

4408. Mr. Richards.] With reference to the comparative sparseness of population of the two districts, do the South Metropolitan Company light all over the green district?—I believe so.

4409. And as to the area worked by the Imperial, a vast deal of that is not thickly inhabited, is it?—The outskirts are not thickly inhabited, but, in fact, the Imperial light beyond their district, that is to say, the metropolitan boundary.

4410. The Imperial Company have no boundary northward, have they?—They have no legal boundary northward; they are obliged to supply within the metropolitan boundary, but beyond that they lay mains and have the power to supply gas to any extent they please.

4411. Chairman.] Have they any competition outside the boundary?—We have no competition outside the boundary. There are no other companies up there—(pointing to the map.)

4412. Mr. Richards.] There is the Hornsey Company, is there not?—Yes, but we do not supply in their district, nor do they supply in our district.

4413. Mr. Brassey.] You light Finchley, do you not?—No, we do not go so far as that.

4414. Do you light Hampstead, Highgate, and Stamford Hill?—Yes, some distance beyond our boundary.

4415. I notice that on this map the northern part of your district appears to be, comparatively speaking, very sparsely populated?—It is.

4416. Do you light Hackney Marsh?—No, we do not light that; we do not go beyond the river Lea on that side.

Mr. Richards.] You may take it from the river Lea, at Lea Bridge, to Kensington Palace Gardens, and from the north of Oxford-street away to the north of Highgate, that is about the limit.

Mr. Bristowe.] That map, I suppose is intended to delineate the Imperial district within the metropolitan area?

Witness.] It includes the district of the Chartered Company, beyond the metropolitan area.

Chairman.] As regards this inquiry, we have nothing to do with what you do outside. If you take this smaller map you will observe that the South Metropolitan district comes considerably lower than it does on the map on the wall, on which, in fact, one-third of its area is not given. I suppose in this small map the whole of the area of the South Metropolitan Company is within the metropolitan district.

Witness.] That map on the wall does not fairly describe the districts, but Mr. Livesey, who is acquainted with both his own district and the Imperial district, described them as being very similar.

4417. Mr. Richards.] I have a recollection of Mr. Livesey saying that the two districts were very much alike?—He did so; he said that his own district was very similar to the Imperial district, and that he thought that the sale per mile of main was very similar in both cases.

4418. I will call your attention to Mr. Livesey's statement at Question No. 1136. He is asked, "Taking the several amounts they would require, do you still think with the 16-candle gas at 3s. 9d. they ought pay their full dividend?" and he says, "I think they might very well"?—Yes; and the previous question draws his attention to the capital of the various companies.

4419. "You have taken an interest in this matter, and you know the capital under

under which the various London companies are working?—A. I do.” Then come Question 1136, which I read; you have, I think, put a Paper into my hand giving the calculation that you have made with regard to that statement?—Yes.

Mr. H. Chubb.

15 June 1875.

[The following Statement was delivered in :—]

STATEMENT with reference to the Imperial Company in answer to Mr. Livesey's Assertion (1136) that all the London Gas Companies might very well Make and Sell Sixteen-Candle Gas at 3 s. 9 d. per 1,000 Cubic Feet, and Pay full Dividends on their present Capitals.

	s.	d.
Take Mr. Livesey's statement of his cost of making 14-candle gas and paying his full dividend in normal years - - - - -	8	- per 1,000
Add his estimated cost of increasing 14-candle gas to 16-candle gas - - -	- 3	”
Add his figures for the additional dividend required by the Imperial Company on their larger capitals - - - - -	- 6	”
Add for the disadvantageous position of the Imperial Company's Works for the sale of residuals as compared with the South Metropolitan in the normal year of 1871 (Mr. Livesey admitted an advantage of 1 s. per chaldron for coke, but that is insufficient) actual difference in 1871 was (the average of five years shows a similar difference) - - - - -	- 2	36
Add for additional lighterage and canal dues incurred by Imperial as compared with the South Metropolitan, owing to the position of their works, 1 s. per ton of coal - - - - -	- 1	33
	4	0 69

4420. Mr. Livesey's statement of his cost of making 14-candle gas, and paying his full dividend in normal years, was 3 s. per 1,000, was it not?—Yes.

4421. Mr. Cripps] Where do you get that answer from?—The answer that that he gives is in two or three places.

4422. Will you give me the number of the answer?—He says it cost him 3 s. 2½ d. in periods of difficulty; I will try if I can give you the number.

4423. Mr. Richards.] At 1472, he is asked this: “You found that it was not at all necessary for you to make any application whatever, and were able to go on selling at 3 s. with 14 candles and only at the expense of having to make a comparatively small deduction from your surplus over your reserve fund; now I cannot see that the price of coal explains that.” The answer is, “I cannot say that it does.” At page 9, Question 1097, Mr. Talbot puts this question: “You put a lower price in order to absorb the surplus over the reserve fund?—A. Yes. Q. You will not be able to retain the lower price when you have absorbed it?—A. We are this year making our dividend at the 3 s. price.” At Question 1094 he is asked, “That has practically tided you over; are you making and selling gas at this moment at a remunerative rate with your price of 3 s.?—A. I think this year we shall come out about level with 3 s. Q. Not having reason to draw anything in aid of dividend?—A. No.” You will find that 3 s. as the normal price runs through the whole of his evidence.

4424. What is Mr. Livesey's estimated cost of increasing 14-candle gas to 16-candle gas?—He stated it distinctly to be 3 d.

4425 Assuming the Imperial to be placed in that position, his figure for the additional dividend required by the Imperial Company on their larger capital would be 6 d., would it not?—Yes; which he states he has taken into his calculation.

4426. You have explained the disadvantageous position of the Imperial Company's works, as compared with the South Metropolitan, for the sale of residuals, and you put that down at what?—2 36 d.

4427. And for additional lighterage and canal dues incurred by the Imperial Company, over which you have no control, you add 1 33 d.?—That is so.

4428. What does that work out?—That works out 4 s. 0 69 d.

0.107.

O O 2

4429. So

Mr. H. Chubb.
15 June 1875.

4429. So that upon that statement of Mr. Livesey's own figures you make out that 3 s. 9 d. per 1,000 for 16-candle gas would be an impossibility?—Quite so, from these figures, and adopting his calculation.

4430. And without expressing any opinion as to the 1 s. 11½ d., adopting his own figures, you say that it is an impossibility in the case of the Imperial to supply 16-candle gas at 3 s. 9 d.?—His own figures are adopted so far as the 3 s., the 3 d., and the 6 d. are concerned; we find the 2·36 d. to be a fact; he admitted to the extent of 1 s., but I think he did that at random without the figures before him, but it turns out in fact to be 2·36 d. over a series of five years.

4431. Mr. Brassey.] How do you justify or explain your much larger expenditure on capital account?—There are many reasons for that; it has chiefly arisen from our being driven out of London.

4432. What was the force that drove you out of London; was it public opinion?—Parliament.

4433. In consequence of you being compelled to change the position of your works, I presume that a very much larger expenditure of capital was necessary?—It is a very different thing building new works from extending old ones; the outlay of capital in the first instance is very costly compared with the production of gas; you have to provide many things for the future which are not immediately remunerative.

4434. In consequence of your removing out of London, did you abandon your old works?—No, none of them.

4435. Do all the original works continue still in profitable working?—They do, and if we could have extended those works, instead of going elsewhere and commencing *de novo*, it would have been far less costly.

4436. Mr. Richards.] The Imperial Company is unfortunate in this respect, that having expended a considerable amount of capital at Bromley, it has not, up to the present time, had time to fructify?—Not yet.

4437. When you talk about capital, and the amount per ton, Mr. Livesey does not debit the South Metropolitan apparently with the sum of 80,000 l. which he had appropriated to capital out of revenue?—His capital must be so much less on that account. If the Imperial Company had done the same, their capital account would have been very much less than it is.

4438. That is to say, their plant expenditure would have been greater than the Parliamentary capital?—Yes.

4439. Looking to the South Metropolitan accounts, therefore, that 80,000 l. should be added to the capital account, if you compare the amount of capital per ton, should it not?—My belief is, that they have expended a much greater sum than that 80,000 l. Mr. Livesey informed me, that from year to year they have been spending money out of their revenue in laying new mains, and in other works, which they might have divided among their shareholders, or rather which ought to have gone in reduction of the price of gas.

4440. And that, of course, gives them a very much larger plant than they could have acquired by the simple expenditure of the Parliamentary capital?—Yes.

4441. But still they had a certain Parliamentary capital to divide upon?—Yes, it saved them the expenditure of capital to spend a portion of their revenue in the extension of their plant.

4442. I do not wish to say anything against the South Metropolitan Company, but it was done at the expense of the consumers?—Of course.

4443. Mr. Brassey.] Do you mean to say, that if the South Metropolitan Company had not constructed those works out of revenue, they would then have sold the gas to the consumers at a lower price?—Yes; or they would have had a so much larger capital to raise; that the thing would have come to the same thing in the end.

4444. Mr. Richards.] You say that you have prepared another Table; what is that?—This Table is with reference to Mr. Gunn's evidence, the accountant of the Metropolitan Board of Works. He put in a Table relating to the prices and illuminating power of gas from 1869 to 1874, and he drew attention to the year 1874, making a comparison between the companies subject to the revision clauses and those companies that were not, showing that the companies under revision had done very much more for the public than the other companies.

But

But he has, it seems to me, dealt very unfairly in selecting the year 1874, because the companies who were not subject to revision took the precaution of raising their price previously, and for many years were charging more than the Imperial Company; and in that way did not require to raise their price in 1874 in the way that the Imperial and the Chartered Companies had to do. I have placed first the three companies under revision, the Chartered, the Imperial, and the South Metropolitan. The Chartered Company's average price throughout the whole of this period was 4 s. 1 d. '16; the Imperial average price was 3 s. 11 d. '16; and the South Metropolitan average price was 3 s. 1 d. '08. The average of the companies, including the South Metropolitan, was 3 s. 8 d. '46. The other six companies follow: one was 3 s. 10 d. '79; another, 4 s. 0 d. '12; another, 3 s. 11½ d.; another, 3 s. 3 d. '83; another, 4 s. 1 d. '12; and the last, 3 s. 11½ d. The average of all those companies is 3 s. 10 d. '51, as against the average of the companies under revision, which was 3 s. 8 d. '46.

Mr. *H. Chubb.*
15 June 1875.

[The following Table was delivered in:—]

PRICES per 1,000 Cubic Feet charged by the several Metropolitan Companies during the last Six Years, from 1869 to 1874, both inclusive; showing the Average Price of each Company for that Period, with the Prices charged at the present Time; distinguishing the Companies under the Acts of 1868 and 1869 from those under the Act of 1860.

Three Companies under the Revision Clauses of the Acts of 1868-69.				Six Companies under the Act of 1860.					
YEARS.	Chartered, 15 Candles.	Imperial, 14 Candles.	South Metropolitan, 14 Candles.	Phoenix, 12 Candles.	London, 12 Candles.	Commercial, 12 Candles.	Independent, 12 Candles.	Surrey Consumers, 12 Candles.	Ratcliff, 12 Candles.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
1869 - - -	4 -	4 -	3 3½	4 -	4 -	4 -	3 4	4 -	4 6
1870 - - -	3 9	3 9	3 2	3 9½	3 9	4 -	3 4	4 -	4 1½
1871 - - -	3 9	3 8½	3 1	3 9	3 9	3 10½	3 3	4 -	4 -
1872 - - -	3 9	3 8½	3 -	3 9	3 9	3 10½	3 2	3 9½	3 9
1873 - - -	4 4	3 9	3 -	3 9	4 3½	4 -	3 4	4 3	3 9
1874 - - -	5 -	4 8	3 -	4 4	4 6	4 -	3 6	4 6	3 9
TOTAL - - -	24 7	23 7	18 6½	23 4½	24 -½	23 9	19 11	24 6½	23 10½
Average - - -	4 1·16	3 11·16	3 1·08	3 10·79	4 0·12	3 11½	3 3·83	4 1·12	3 11½
Average of Companies under Revision Clauses - 3 s. 8·46 d.				Average of Companies under Act of 1860 - - - 3 s. 10·51 d.					
In excess of 3 s. 9 d. -	- 4·16	- 2·16	- -	- 1·79	- 3·12	- 2·5	- -	- 4·12	- 2·75
Below 3 s. 9 d. - -	- -	- -	- 7·92	- -	- -	- -	- 5·17	- -	- -
Prices now charged, 1875.	3 9	3 9	3 -	4 -	4 -	3 9	3 6	4 2	3 9
Average of Companies under Revision - - - 3 s. 6 d.				Average of Companies under the Act of 1860 - - - 3 s. 10·3 d.					

4445. Mr. *Brassey.*] What ought you to add to the price charged by the six companies for the inferiority of the gas, supposing it to have been 14-candle gas?—It has been proved, I think, in evidence, that they are supplying practically the same gas.

4446. Mr. *Richards.*] In short, what you mean is, that although the two
0.107. O O 3 companies

Mr. H. Chubb.
15 June 1875.

companies made their rise *per saltum* in one single leap, the other companies have in the course of these five years in small amounts made an equal rise?—They have. In the next column is shown the excess over 3 s. 9 d. The Chartered Company for 16 candles were 4·16 d., the Imperial 2·16 d., and there are several other companies. The London is 3·12 d., the Surrey Consumers 4·12 d., and the Ratoliff 2·75 d. I may point out that although the South Metropolitan is in the first one, and advantage is taken of the state of the South Metropolitan to throw down the average, the other companies get almost the same average in the case of the Independent Company, which is a company very much in the position and for the same reasons as the South Metropolitan.

4447. Mr. *Bristowe*.] But they never get down to 3 s.?—Not during this period, but they are very much lower than the others.

4448. Mr. *Richards*.] I have here a Paper called “Surplus or Deficiency of Profits for the Maximum Dividends.” Will you explain this paper to the Committee?—This paper was alluded to by Sir Edmund Beckett. It shows a deficiency of profits for the maximum dividends, and it shows as to each company the surplus they had during the year with the price of coals and the deficiency they had in other years with the price of coals.

[*The following Table was delivered in :—*]

Mr. H. Chubb.
15 June 1875.

SURPLUS OR DEFICIENCY OF PROFITS for the MAXIMUM DIVIDENDS.

COMPANY.	1870.				1871.				Rise of Labour and Materials. 1872.				1873.				1873.	
	Nett Price of Coals, 9s. 4d.				Nett Price of Coals, 9s. 5d.				Nett Price of Coals, 9s. 1d.				Nett Price of Coals, 11s. 3d.				Capital per Ton of Coal Carbonised.	Amount required to Pay Dividend for.
	Price charged for Gas.	Surplus.	Deficiency.		Price charged for Gas.	Surplus.	Deficiency.		Price charged for Gas.	Surplus.	Deficiency.		Price charged for Gas.	Surplus.	Deficiency.			
Chartered -	s. d.	£.	£.		s. d.	£.	£.		s. d.	£.	£.		s. d.	£.	£.		s.	£.
Imperial -	3 9	—	25,600		3 9	6,008	—		3 9	—	52,187		4 4	—	955		154	258,667
Commercial -	3 9	2,664	—		3s. 9d.—3s. 8d.	—	8,255		3s. 8d.—3s. 9d.	—	3,957		3 9	—	49,478		148	217,997
Independent -	4 —	6,830	—		4s.—3s. 9d.	7,773	—		3s. 9d.—4s.	608	—		4 —	—	14,415		101	44,525
Ratcliff -	3 4	5,026	—		3s. 4d.—3s. 2d.	5,202	—		3 2	—	2,648		3s. 2d.—3s. 6d.	—	1,894		88	18,672
London -	4s. 6d.—4s.	2,306	—		4 —	802	—		3 9	3,761	—		3 9	136	—		117	10,000
Phoenix -	3 9	12,628	—		3 9	2,599	—		3 9	—	2,244		3s. 9d.—4s. 6d.	1,173	—		158	58,174
South Metropolitan -	4s.—3s. 9d.	13,324	—		3 9	10,141	—		3 9	4,113	—		3 9	2,861	—		151	78,800
Surrey Consumers -	3 2	1,364	—		3s. 2d.—3s.	6,018	—		3 —	—	878		3 —	—	5,235		91	32,483
Equitable -	4 —	2,906	—		4 —	6,443	—		4s.—3s. 9d.	—	4,097		4s.—4s. 6d.	—	2,192		123	22,000
Western -	3 0	2,996	—		Amalgamated with the Chartered.	—	—		Amalgamated with the Chartered.	—	—		—	—	—		—	—
	5s. 6d. Cannel.	12,489	—			8,402	—			—	—			—	—		—	—
	—	68,538	25,600		—	54,388	8,255		—	8,702	68,011		—	3,679	74,169		—	736,318

Mr. H. Chubb.

15 June 1875.

4449. It applies to the years 1870, 1871, 1872 and 1873?—Yes. The Imperial Company in 1870 had a surplus of 2,664 *l.* They reduced their price of gas one penny during the year 1871 for one-half of the year, and one-half of the next year, and that reduction of price occasioned a deficiency in those two years. In the next year came the price of coal, 11 *s.* 3 *d.*, and only 3 *s.* 9 *d.* for gas, and that produced a deficiency of 49,478 *l.*

4450. I observe that taking the general deficiency in 1872 there is a very marked increase; in 1871 there is a surplus of 54,000 *l.* and a deficiency of 8,000 *l.*; and in 1872 there is a surplus of 8,000 *l.* and a deficiency of 68,000 *l.*; that seems to have been before the price of coal rose?—Yes, dealing with the totals.

4451. Then that must have been due to the rise in the price of labour and material?—I presume so.

4452. Then you go on to 1873?—Yes, 1873 produced the result I spoke of, that is to say, a deficiency of 74,000 *l.* with 3,600 *l.* off.

4453. Showing clearly that with a 3 *s.* 9 *d.* price it was at that time impossible to get a dividend?—Yes.

4454. When the Imperial Company came to the court of revision, was the capital expended at Bromley very fully gone into in evidence?—It was. It was only at the last stage of the proceedings that the legal question was raised as to the ability of the Commissioners to go into that point, or to take that as one item in their calculation with reference to the amount that should be given to the company as the price of gas.

4455. My learned friend Mr. Cripps stated this in his opening, or words to this effect, that they had great difficulty in obtaining the assistance of any professional man as against the gas engineers; was that the case?—No, by no means.

4456. How many gas engineers did they, in fact, examine against the Imperial Company?—There were four engineers brought against the company, and in contradiction to their evidence, giving new plans and estimates of their own.

4457. I suppose there would have been no difficulty in producing four more?—No, nor double that number of thoroughly independent witnesses, independent of all the influence of the metropolitan companies.

4458. They called Mr. Anderson, did they not?—Yes.

4459. They called Mr. Clemenshaw?—No.

4460. They say no; they might have called Mr. Clemenshaw if he is worth having, or alive?—

4461. Mr. *Richards*.] I am speaking of the Imperial case in 1874; did they, or did they not, call Mr. Clemenshaw?—Yes.

4462. Here is his evidence; they actually did call him?—Yes.

4463. There is Mr. Hawksley, whose name I think is pretty well known?—Yes.

4464. Mr. Cawley?—Yes; they are both men of eminence.

4465. Those are gentlemen extremely eminent as gas engineers?—They have a world-wide reputation.

4466. And I suppose they would have proved the truth if they had been called?—Undoubtedly.

4467. Mr. Stevenson, by-the-bye had an opportunity of seeing the works, had he not?—Yes.

4468. He went over the Imperial works?—Yes.

4469. Did he go over them with the Commissioners?—No, he did not.

4470. But the Commissioners themselves paid a visit to the works, did they not?—Yes.

4471. And they saw everything that had been done?—Yes.

4472. Were they accompanied by the engineer of the Imperial Company and also by Mr. Anderson, as representing the Metropolitan Board of Works?—Yes.

4473. We have already heard that every single question that could be asked was asked, and was fully answered?—Yes; and I remember you, yourself, volunteering all the information that the Commissioners would desire upon that point; and you said that if there was any legal question the company did not desire to withhold any information in consequence of that.

4474. And

4474. And Mr. Stevenson, as you say, saw the works?—Mr. Stevenson visited the works on behalf of the company.

Mr. H. Chubb.

15 June 1875.

Cross-examined by Mr. Cripps.

4475. One word about the last matter; you were not present when the Commissioners went down to see the works, I am sure?—I was not there. The Commissioners desired to have two engineers, one on behalf of the company and one on behalf of the Metropolitan Board of Works; they thought that would be sufficient.

4476. Do you not know that when parties go down in that way they are not entitled to say one single word excepting in answer to the judges who come to view the place?—It would be the rule that they would say nothing unless they were called upon to speak; but I believe the conversation there was very general indeed. Allow me to explain what I mean by "very general," I mean that the engineers did not wait to be asked; it was perhaps not quite in order, but it was a very searching inquiry into the works to know why this was erected, and the cost of it, and all the detail of it.

4477. I am afraid that must have been reported to you, and I cannot, at present, set my knowledge against yours?—And the Commissioners were, I believe, very well satisfied with it.

4478. Probably you know that I accompanied them also?—I did not know that.

4479. One word about this inquiry before the Commissioners; a considerable amount of evidence was gone into, was it not, about the capital expenditure?—It was.

4480. All of which became of not the slightest value, because the Commissioners found that they had no power to deal with the question?—I presume that that was so.

4481. Therefore all that time, whatever it was, that was employed in going into the inquiry about capital, was wasted time. Now let us come back to the price of coal; notwithstanding your first answer, I think that you will now admit that the station of the South Metropolitan Company, where their gas is made, is somewhere about equal to any one of the four stations of the Imperial Company?—As to cost, you mean?

4482. No, for the make of gas; the business done by the South Metropolitan Company is about equal, is it not, to the business done at any one of your stations?—No, not nearly.

4483. According to the figures, and from the Chairman's question, we find that your make is about five times the make of the South Metropolitan Company; that is right, is it not?—I think so.

4484. You have four stations, and the South Metropolitan Company have one?—Yes; but they are not equally divided.

4485. Then it would be larger than some, and not so large, as some others of your separate stations, I suppose?—Yes.

4486. So far as the purchase of sea-borne coal in the market goes, they and you might go to the same market and you would both have your coals in the same way up to the time when they were removed from the ship, would you not?—If they proceeded in the same mode of purchasing; but I think that the South Metropolitan Company could do that which we could not, owing to their quantity of coals being limited as compared with the Imperial Company. I think that they might pick up coals from hand to mouth much cheaper, in consequence of the small quantity which they want as compared with the Imperial Company.

4487. Whatever they might do at their station, you could do about the same with reference to any one of your stations, could you not?—It would be impossible to purchase coals for one station only, and not for the others.

4488. From their ship they have to lighter, as you have, by canal, to their works, have they not?—Yes.

4489. And you say that the dues which you pay on the Regent's Canal, as I understand, are 1 s., and their dues are 6 d.?—Yes.

4490. They do the lighterage themselves, and you pay for the lighterage?—Yes. I could tell you that the lighterage dues upon our canal will be raised shortly, and the 6 d. will be very considerably increased.

Mr. H. Chubb.

15 June 1875.

4491. Whatever you do, if they did their work in the same way, they might have to pay any amount that was charged for lighterage, but they prefer to do the lighterage themselves?—Yes, but they have a shorter distance to convey it.

4492. Their distance is about two miles, is it not, to the Old Kent-road?—I should not have thought that it was so much.

4493. As to your Bromley Station, you have a considerable advantage over them, have you not?—That is so.

4494. That is to say, they would have to pay for the lighterage 6 *d.* per ton dues, and the expense of the lighterage, whereas you have to pay for the whole about 4 *d.*?—That is so.

4495. And the Bromley Station is about the largest of your stations, is it not?—No; it is the smallest now; but it will be one of the largest.

4496. *Chairman.*] It will be the largest, will it not?—It will be the largest.

4497. *Mr. Cripps.*] We understand that, as regards whatever you have at Bromley, you have an advantage over them, but that as regards what you get at the other stations, you are at a disadvantage?—Yes.

4498. Though you cannot measure the disadvantage exactly, because you do not do your lighterage in the same way?—Just so.

4499. With reference to the railway station, it is entirely optional with you, is it not, how long you shall keep your coals there?—No, I am sorry to say it is not.

4500. Could you not have it by the Regent's Canal?—No; we could not get it in winter, when we most want it, and the stores are not in existence to fill.

4501. You have have not sufficient room there to do your business?—No, we have no room to store coals. What I meant to say was this: that we are obliged to take the coals there by railway in the first place, because it is difficult to get them there by canal; and in the next place, there is not sufficient storage room to fill with coals in the winter time, and it is impossible to get any more room.

4502. Do you already get the greater part of your coal by canal at St. Pancras?—No; we get the greater part by railway.

4503. You get 80,000 tons, I think you told me, by railway?—Yes.

4504. What is the total consumption?—About 120,000 tons.

4505. The result of your having to get some coals by railway, for the reasons I have mentioned, and of your paying for the lighterage and the dues, is that you have given upon the last five years an average of 1 *s.* a ton more for your coal than the South Metropolitan Company have given?—That is a fair estimate, I believe.

4506. How many tons have you consumed in those five years?—About 400,000 tons a year.

4507. Then the 1 *s.* would be how much loss to the consumer in that time?—If the 1 *s.* is lost it would amount to so many shillings.

4508. That is a loss of 100,000 *l.*, is it not, in the five years?—It is a cost of 100,000 *l.*

4509. I am only asking you now a simple question of arithmetic; the extra cost has been 100,000 *l.*; do you know that this average ends in 1873, and that if the 1874 average of the first cost of coal had been taken in it would have been considerably more against the Imperial Company, and in favour of the South Metropolitan Company?—In the year 1874 undoubtedly the South Metropolitan Company purchased their coal a good deal cheaper than the Imperial Company did; their system of buying advantaged them in that year.

4510. That was to this extent, was it not, that the average price of the South Metropolitan Company is 1 *l.* - *s.* 5 *d.* and yours is 1 *l.* 4 *s.* 3 *d.*?—We have not got the accounts of 1874 out yet, and I am not able to give it you precisely.

4511. The accounts for 1874 are out surely, because I have this taken from them?—I mean that the Parliamentary Accounts are not out yet; so that it was taken only on the year 1873 on that amount.

4512. Do you know that if you had taken the year 1874 in consideration, and
taken

taken the average of six years instead of five, the difference between you and the South Metropolitan Company for first cost would have been 1 s. 4 d. instead of 1 s. ?—I cannot say that; there is no doubt that the South Metropolitan Company advantaged in the year 1874 in the purchase of their coals as compared with the Imperial Company, but to what extent I do not know.

4513. But that shilling would have been increased, would it not, if the six years instead of five years had been taken?—I have not taken in my Table the actual difference of cost, but the difference of circumstances.

4514. I am asking you the difference of cost; the difference of circumstances we can judge of for ourselves; in other words, that 100,000 l. would have been greater if you had got the other year in; how much greater I will not trouble about; you say that you get your coal by a coal committee?—The works committee superintend it.

4515. I suppose you look out for gentlemen skilled in coals to put upon that committee?—No; none of our directors are coal merchants.

4516. Then the committee which manages these contracts for coal is selected without any reference to any knowledge of coal which they may possess?—They are selected simply for their business knowledge in general and for their experience.

4517. My excellent friend who has been examining you, I dare say is chairman of the committee, is he not?—Yes; the works committee are selected on account of their experience in the affairs of the company and the management of the company; and it is, in fact, the most important and the most experienced committee that we have.

4518. It being the most important committee, you do not select the members with any reference to the main object for which they are appointed, viz., the purchase of coal?—They are selected with reference to their experience in the management of the company.

4519. That may be in the Parliamentary management of the company, or anything else. With reference to the coke, the importance of which we fully admit, Mr. Livesey states that, speaking generally, the difference of his market would be about 1 s. in his favour?—I think he says, "I daresay it amounts to 1 s."

4520. What you have taken against that is, not the difference of the selling price in one place or the other, but the difference of what you find by these books that it is actually sold at?—Yes.

4521. That is to say, it is very possible that the difference in the selling price of the market might be only 1 s. generally, and that you might find, by some want of management, a great deal more difference than 1 s. as between the actual sales of the one company and the other?—No. I have given you, in addition, the actual selling price of the coke at those works.

4522. You have taken, as against Mr. Livesey's evidence, what you find has been actually done?—Yes, by his own accounts.

4523. As against what has been actually done by your company?—Yes.

4524. Of course, in order to make that answer of yours of any value, you must assume that exactly the same care and diligence has been used by the one party as by the other?—I assume that.

4525. Now just a word about this statement which you have put in as to the statement by Mr. Livesey, which begins in this way: "Take Mr. Livesey's statement of his cost of making 14-candle gas, and paying his full dividend in normal years, 3 s. per 1,000," Did you purport to take that from his evidence given here?—Yes.

4526. Let me call your attention to two questions. At Question 1019, after stating that 14 candles was the minimum, Mr. Livesey was asked: "But, as a matter of fact, with regard to the working of the company in respect to illuminating power, how much have you given the consumers?—A. By the new burner fixed by the referees the average illuminating power has been a trifle in excess of 16 candles; say 16 candles. Q. Say a good 16 candles?—A. Yes, during all last year it was so; it was occasionally under, but the average was well over it." Now let us go to the other question to which you alluded as having, together with the one which I have just read, made up your answer. At question No. 1094 Mr. Philbrick asks Mr. Livesey, "That has practically tided you over; are you making and selling gas at this moment at a remunerative

Mr. H. Chubb.
15 June 1875.

rate with your price of 3 s. 6 d?—A. I think this year we shall come out about level with 3 s.” Having stated that he was now giving, and had given for a year past 16-candle gas, and that he was selling gas at a remunerative rate at the price of 3 s., do you think it right to take Mr. Livesey’s statement at the beginning as a statement of the cost of making 14-candle gas?—Yes, I do so certainly; because in answer to a subsequent question which I think the Chairman put to him, he said that it would give you 9 d. more, and he said, “We want 3 d. more for the additional two candles.”

4527. That may be with reference to another matter?—The difference between these two sets of candles may be all perfectly right; but he states distinctly, does he not, that he is now making 16-candle gas, and that he is now selling that gas at a remunerating price for 3 s.?—Yes; but when he came to answer the question about 16-candle gas being the minimum, he says, “I shall want 3 d. more.”

4528. But you ignore his answer that it was 16-candle gas?—This is 16-candle gas. I should like to explain that fully. In Question 1136, which I quoted, he is answering a question with reference to a minimum of 16 candles, under which circumstances, he says, he shall want 3 d. more to make it

4529. Nothing can be clearer, can it, than that according to his statement he is now and has for the last year been making 16-candle gas at a remunerative price of 3 s.?—That is strictly correct. If you read Question 1135, you will find this: “You have taken an interest in this matter, and you know the capital under which the various London companies are working? (A.) I do. (Q.) Taking the several amounts they would require, do you still think with 16-candle gas” (that is 16 as a minimum) “at 3 s. 9 d., they ought to pay their full dividend? (A.) I think they might very well.”

4530. And that statement is your authority for saying that his cost of making 14-candle gas?—No, that is a part of my explanation, I want to follow that out. Then in answer to the question that was put to him by the Chairman subsequently, he says, “I shall want 3 d. per thousand more to make my present gas into 16-candle gas.”

4531. And then he is asked some questions with regard to the penalty?—And therefore this paper refers to 14-candle gas under penalties turned into 16-candle gas under penalties also.

4532. Do you not think that it would have been as well to put that into the statement, instead of saying that it was Mr. Livesey’s statement of the cost of making 16-candle gas?—I think the statement is correct; it is intended to be correct and accurate, and I believe it is so, looking at it again.

4533. However the question of penalties may work, and however much it may be necessary to go above the prescribed quantity for penalties, is another question?—He states distinctly that his company will want it.

4534. That to turn 14-candle gas into 16-candle gas, will require 3 d.?—He said so.

4535. That you are quite right about?—It implies that the first is not 14-candle gas.

4536. You have taken what you call all the other expenses, as between the South Metropolitan and other companies, and you say that that matter will depend upon the cleverness of the engineer, and show his skill?—In the one relating to working expenses.

4537. That is in relation to all the expenses you say, excepting the coal, less the residuals?—Yes.

4538. Does that include salaries?—Yes.

4539. Wages?—Yes.

4540. And manufacturing charges?—Yes.

4541. Do you reckon salaries and wages as matters for the engineer?—They are with Mr. Livesey.

4542. Do you reckon the salaries and wages as matters for the engineer?—Wages most assuredly.

4543. Then I see the directors and auditors?—That is a most unimportant item.

4544. But these unimportant ones seem to make up a great deal. Salaries for management and collectors; do those depend upon the engineer?—Yes.

4545. Stationery

Mr. H. Chubb.

15 June 1875.

4545. Stationery and general charges; law and Parliamentary; bad debts; depreciation of leaseholds; public officers and testing officers; do you mean that those are matters which depend upon the skill of an engineer rather than upon making so much gas out of so much coal?—They are really so unimportant in the general amount that I did not think it worth while to throw them out.

4546. Then why did you think them so important as to put them in as separate matters altogether, as showing that you were doing as well as the South Metropolitan Company in their working expenses?—You will see that those which I have put in are rather in favour of the South Metropolitan Company than otherwise, and that if I separated them or rather deducted them from this statement, it would be against the South Metropolitan Company, and they would not appear to be in so favourable a position.

4547. As I understood, what you wanted to make out was that these working expenses were matters depending upon the skill of an engineer, as against those things which you could not help, viz., the cost of coal, and the selling price of coke?—Yes.

4548. That is to say, you took all the other things after those, and you contrasted them?—Yes; these small things are really immaterial. If I had deducted them, it would certainly have placed the South Metropolitan Company in a more unfavourable position.

4549. Those matters which I have read to you are fixed things in which there is much less room for management than there is in the make of the gas out of the coal, in the buying of the coal, and in the selling of the coke; is not that so?—Those items which you have mentioned, such as the directors' salaries, are not under the engineer's control, but the larger items which I have alluded to are undoubtedly under his management, and he can by economy and due care reduce them considerably.

4550. You have given me two sets of expenses; one the coal minus the coke, and the other the general working expenses?—Yes; and I do that for the purpose of showing that the South Metropolitan Company do not work actually cheaper than the other companies, and certainly not cheaper than the Imperial Company.

4551. You showed me that in these fixed charges they were pretty nearly the same?—But when we come to circumstances which the companies cannot control, the South Metropolitan has an advantage over the Imperial Company to the extent which I have named.

4552. Are those matters which I read to you circumstances over which you consider that the companies have more control than over the manufacture?—This little matter about the directors?

4553. All those together?—They cannot amount to anything serious.

4554. *Chairman.*] But you mean that to apply to the whole of that Table when you say that the excess of the South Metropolitan Company over the Imperial Company is 22 *d.*?—I include all those items. I think I answered your question previously.

4555. But do you make that statement that it is a thing over which they have no control as applying to the whole of that Table?—No, I omit those items; but the larger expenses, such as the manufacturing, wages, purifying, and all those things which form the larger amount of this 1*s.* 3*d.* of the South Metropolitan Company, are under the control of the engineer, and he can economise.

4556. Mr. *Cripps.*] You assume that wages are under his control?—Undoubtedly.

4557. And salaries?—A good deal of the salaries would be involved in the manufacture.

4558. A word about the way in which your capital is estimated upon the general materials; you have taken over the materials of other companies in some cases, have you not?—When the districting took place we took over materials.

4559. And you took their capital as it stood, and called it so much of your capital for the future?—I believe that it was strictly valued, but it was before my time: it was not taken as their capital; you may take that as an answer.

4560. In the first instance, supposing that you put down a main, or incurred any expense, there is a cost price?—There is a cost price.

0.107.

P P 3

4561. When

Mr. H. Chubb.
15 June 1875.

4561. When is any portion of that cost price written off?—If the main is taken up, the materials sold, and a new main laid in the place of the old one, the capital gets the advantage of the old material.

4562. And that is all that it gets the advantage of; therefore the capital stands as the cost price of the old material, and the cost price of the new material, less the value of the old materials when taken up?—Yes; but as I have already stated, we have, with very few exceptions, done nothing of the kind.

4563. That would remain then in your books as dividend bearing capital; the cost price of the old and the cost price of the new material, less only the value of the old material?—Yes, taken with that qualification, that we do not do anything of the kind, or with very rare exceptions.

4564. Would that apply to all alterations of works?—No, the entire cost of the old structure is charged to revenue.

4565. The entire cost of the old structure would be charged to capital in the first instance?—Yes. Supposing that we are on the site of an old gas-holder constructing a new one, and destroying the old one, we should write off to revenue the entire first cost of the original gas-holder, and credit capital with every atom of it.

4566. Then the capital of that would be gone altogether?—The revenue would bear the cost of it.

4567. Would that be what you would do with reference to all changes?—Yes.

4568. You have complained very much, as Mr. Burke does, about gas legislation as affecting the companies?—There has been great agitation, which has affected the property very much indeed.

4569. I ask you about legislation, and not agitation?—And the attempted legislation.

4570. Has the legislation at any time interfered with the gas companies in any way prejudicially to you or your dividends?—Undoubtedly the Act of 1869 was not so beneficial to the companies as the Act of 1860.

4571. Has Parliament ever legislated for your company in any way which has prevented you going on with your full dividend as you have done before?—No; Parliament has undoubtedly protected the company as against the agitation.

4572. Then, at the present moment, notwithstanding all the abuse of the Metropolitan Board and other parties who have been before Committees where you have been, you have received no damage whatever from legislation?—Undoubtedly, if the Metropolitan Board had obtained their own Bills, which they introduced, we should have been damaged; but the Legislature has interposed, and the Bills that have passed have not interfered with the capital of the companies.

4573. Then I take your answer in the affirmative, that up to this time, at any rate, no legislation has interfered with your profits?—Legislation has not interfered with the investment of the money, and with the interest which was secured upon the capital.

4574. Has legislation been very beneficial to your dividends?—No, I do not see that it has; it has not hurt us, and it was intended by Parliament, I believe, not to hurt us.

4575. I quite agree with you that upon all those occasions you have called out, by yourselves and by your counsel, almost as loudly as you do now. What were you dividing before 1860?—I have a table which will give it. Immediately before 1860 we were dividing 10 per cent.; that is, in 1854, 1855, and 1856; and then there was a year in which it was 7½ per cent., and two years of 9 per cent.; and then came 1860, and we have paid 10 per cent. since.

4576. Since 1860 have you ever divided less than 10 per cent.?—No, except upon the 7 per cent. capital. We have paid, in fact, since 1854, our maximum dividend.

4577. And although for the few years preceding 1860 you did not, in all cases, divide 10 per cent., you have uniformly divided 10 per cent. ever since?—Yes.

4578. And 7 per cent.?—Yes.

4579. Not all the years uniformly before, but some were less than 10 per cent. You know enough of the other companies to know whether that has been the general course of all the other companies as well, do you not?—I believe it has.

Some

Some of them, I believe, had paid previously to that 10 per cent., but the majority of them have paid 10 per cent. since.

4580. Mr. Serjeant *Sargood*.] Do not speak for the Chartered Company, if you please?—I beg your pardon, the Chartered Company is an exception.

4581. Mr. *Cripps*.] What could you have done more for your shareholders than divide 10 per cent., whatever the legislation had been?—Nothing more.

4582. Then the legislation has ended in your dividing the full amount that you could possibly by law have divided?—Undoubtedly.

4583. *Chairman*.] What was your reserve fund before 1860?—We had nothing previous to 1860.

4584. Then, so far as regards reserve fund, you are 40,000 *l.* better than you were in 1860?—Yes.

4585. Mr. *Cripps*.] The amount of capital upon which you have been dividing 10 per cent. has most materially increased since 1860, has it not?—Considerably.

4586. And also the amount upon which you have the opportunity of dividing 7 per cent.?—Yes.

4587. That also is a considerable bonus to the shareholder, over and above his power of getting 10 per cent. upon the old capital, is it not?—He gets an allotment of his new shares.

4588. Which is a bonus, whatever a 10 per cent. share, or a 7 per cent. share, may be worth in the market?—Whatever it is worth it is to his advantage.

4589. So that since 1860 he has got an uniform 10 per cent. with that additional bonus, whatever it may be worth?—Yes, that is the law.

4590. And it is an extremely favourable one for the company, and one for which, as my friend put in (and with perfect truth), you are very much indebted to the Metropolitan Board of Works, as representing the consumers, who allowed you to pass your Bill of 1860, and gave you the districts. That being so, I am tempted to ask you about the legislation which you now affect to be afraid of; you have considered the sliding scale, I presume?—Yes.

4591. Have you any better arguments to give about it than those which Mr. Burke gave?—I do not think that I could improve upon them.

4592. The great argument, as I understood, which Mr. Burke used was, that it might not be maintained, and that at some future time the people would not be satisfied, and would want it altered?—I am quite sure that the people quarrel with the gas companies, not because of the price of the gas, but because of the dividends which the shareholders earn.

4593. Is that any answer to my question?—I think it is.

4594. My question was whether you agreed with Mr. Burke that the main objection to the sliding scale was that a time might come when it would not be maintained?—Yes, undoubtedly; and for the reason which I gave. They object to the amount of dividend that the shareholders obtain, rather than to the price of the gas: and if we went down in the price of gas, and came up in our dividend, the howl, as you may call it, may certainly grow in virulence.

4595. Before that difficulty could arise, you must be dividing more than 10 per cent., must you not?—Yes.

4596. So that in order to arrive at that difficulty at all, the effect of the sliding scale must be to have given you a larger dividend than you can get under the present state of the law?—Yes.

4597. Then the very worst that could be done, assuming the wickedness of the consumers, would be to bring you back again to your 10 per cent.?—No, that does not follow.

4598. We will assume your own argument; first of all it can not be altered, could it, without you came to Parliament again?—No.

4599. Therefore, whatever was said you must have the judgment of Parliament upon the matter to alter it?—Undoubtedly.

O.107.

P P 4

4600. And

Mr. H. Chubb.

15 June 1875.

Mr. H. Chubb.
15 June 1875.

4600. And Parliament, you say, has never at any time done anything by legislation to injure your dividends up to the present time?—No.

4601. At the present time you cannot by any possibility get more than 10 per cent?—No.

4602. By the sliding scale you could?—Yes; but we do not desire to have it.

4603. Do you speak for your shareholders in saying that they would like to have a lower rate of interest rather than a high one?—I believe that they would prefer, and it is manifest that they would prefer the statutory dividend as we call it, the prescribed rate of dividend, rather than an uncertain one, with an opportunity of going beyond it.

4604. Your statutory dividend, then, might be something more than 10 per cent.?—But they would prefer by far having it at the fixed rate to having an up and down dividend dependent from year to year upon the price of coals and upon other circumstances. You must be aware that the tendency of everything is to rise in price. There can be no question that coals will rise in price; from the best information which we have obtained, the future of coals will be very serious, and that of course will increase the cost of gas, and so far from getting an increase of dividend, we look upon that as a reduction of our dividend, and no chance of an increase.

4605. Has not your profit on the sale of gas continually increased in proportion to the greater amount of gas that you have been able to sell, in proportion to the number of customers?—To a certain extent the head expenses will cover a large amount of gas; but the great expense in the manufacture of gas is undoubtedly the question of coal and labour, much more than anything else which we can save in management.

4606. Leaving alone the question of the coal which we have discussed, does not the increased consumption of gas render the general manufacture of the gas cheaper in the way of enabling you to charge a lower price?—To a certain extent; but if coals rise in price, that would negative the whole amount of saving.

4607. Assuming for the moment that coal is at the same price, would it not be so?—Undoubtedly the larger the make to a certain extent the cheaper the cost of manufacture; but there is a point beyond which that is no benefit at all.

4608. You have found, have you not, that there is year by year a considerable increase in the consumption of your gas?—There is.

4609. What does it amount to?—About 6 per cent. is the average.

4610. Have you any reason to believe that that average of 6 per cent. will not go on year by year?—I presume that it will for some years.

4611. And, therefore, excepting the question of coal, you would be enabled every year to sell gas at a cheaper rate, assuming the coal, of course, to remain the same?—Yes.

Wednesday, 16th June 1875.

MEMBERS PRESENT:

Mr. Birley.
Mr. Thomas Brassey.

Mr. Bristowe.
Mr. John G. Talbot.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

Mr. *Harry Chubb*, re-called; and further cross-examined by Mr. *Cripps*.

4612. I WILL just remind you that when we broke off, yesterday, I was asking you about your objections to a sliding scale, and the prospective benefits or disadvantages of it which should arise to you, specially with reference to future prices which we were then discussing. With reference to that, let me ask this question: Your works at Bromley are not at present fully developed, and not in full operation, are they?—They are not.

Mr. *H. Chubb*.
16 June 1875.

4613. That is to say, the expense which you have already gone to, and which bears interest at the present time, will be more profitable in some future years than it is at present; are you looking to that?—Yes.

4614. Then, looking at the future, that will be another point in favour of the probable reduction in the price of gas, will it not?—It will place our capital account in a more favourable position per ton of coal carbonised, or per thousand feet of gas sold.

4615. That is an important matter, the gross price of coal; every ton of coal taken to those Bromley works cost you about thirteen pence or thirteen pence halfpenny less than it does taken to the other works?—I think it does. I am not sure of the figure, but I think it is somewhere about that.

4616. Quite independently of the convenience of the development of your works there, there will be that direct saving in your coal for all the additional coal you will consume when the works are in operation?—Yes; the site was chosen with the view to economise the cost of taking coals to the works.

4617. The object of the works has been to economise, but that object has not been fully realised up to this time?—No, and it will take some years before it comes fully into operation.

4618. Have you any reason at all to differ from the opinions expressed by Mr. Burke, that looking at the future he expects the price of gas will go down?—I differ with him in that respect.

4619. I have drawn attention to these various matters. I am quite aware that, in your opinion, the price of coal, if there were no other circumstances to consider, will rise?—It depends so entirely upon the price of coal and wages; they will overwhelm all the advantages you have pointed out, which I admit.

4620. You differ from Mr. Burke upon that point?—Upon that point I certainly do. I think I may say that as regards the cost of obtaining coal at our works at Bromley, compared with the existing works, there may be an advantage to that extent, and the increased make of gas will be of advantage to us.

4621. And the increased consumption by the consumer?—That is the increased make of gas, but that will be swallowed up in the increased cost of coal and wages. I may also explain that the matter of coke is an increasing difficulty, because the increased demand for gas increases the quantity of coke to be sold, and increases the difficulty of getting rid of it.

4622. Does not that depend upon the growth of the market? At the present time your market at Bromley is no market for coke; when it is found out more by the persons wanting the coke they will come for it?—That has been an increasing difficulty from year to year. As the demand increases for gas the yield of

Mr. *H. Chubb*.
16 June 1875.

coke is larger ; the difficulty of getting rid of it has been from year to year greater.

4623. Are you aware of the annual increase in the population of the metropolis?—That does not do it ; we find by experience that that is so.

4624. At any rate, the price of coal which will affect you will be the net price, and not the gross price of coal?—Yes.

4625. *Chairman*.] When you say that you have found by experience it is more difficult to sell coke, can you give us your selling prices, and not merely during the abnormal prices of the last year or two, but for the last few years back?—I will endeavour to do so.

4626. Mr. *Cripps*.] Those would appear from the red books?—Yes, I think I have taken it down somewhere. The last three years are very exceptional years, as I pointed out, therefore I had to go back for some little time.

4627. First of all, before you answer that question, will you tell me this : As to the year in which the accounts are contained in the red books, those accounts will give me the full price of coal, the quantity of coke sold, and the full price of coke in each year?—Yes, I think they will.

4628. *Chairman*.] Let us take 1869 and 1870, because it was before the abnormal year. (To the *Witness*.) Your price for coke in 1869 was 6*s.* 9*d.*?—Yes.

4629. Now take it in 1870?—It was more in 1870.

4630. In 1870 it was 7*s.* 5*d.*?—Yes.

4631. In 1870 it was 6*s.* 10*d.*?—Six shillings and tenpence, but higher than in 1869 ; just a fraction higher.

4632. Now in 1872?—There the difficulty began.

4633. It is 9*s.* 3*d.* ; now give us, if you can, 1875?—I am afraid I have not got it.

4634. What is the earliest year you have?—I find now in 1854 we got 15*s.* for coke ; in 1860, 10*s.*

4635. Mr. *Cripps*.] Ten shillings per chaldron?—Yes, in 1865, 9*s.* 7*d.* ; and in 1871, 6*s.* 9*d.*

4636. *Chairman*.] In 1865 how much was it?—Nine shillings and sevenpence.

4637. In 1866 how much was it?—Eight shillings and tenpence.

4638. In 1867?—Eight shillings and twopence ; and in 1868, 7*s.* 4*d.*

4639. It seems to have fallen down to 1869 and then to have risen up to the present time?—Yes, during the coal famine.

4640. Mr. *Cripps*.] As far as I have the books, from 1869 to 1873, the relative price of coke, compared with the price of coal, has been generally increasing ; look at this which I will hand you (*handing a paper to the Witness*)?—I will give you as I have got it here, the net cost of coal.

4641. Is that paper that I have handed to you correct?—I have not got it worked out per thousand ; I can give you 1870 and 1871, but not 1869.

4642. I have taken nothing there but what is in the books before you?—I see the first one is correct, and I presume the others are.

4643. Then it does show, as far as the books are a test, that the relative price of coke to the price of coal has been pretty regularly increasing?—Since that period it has.

4644. That is, in 1869, 6*d.* 7 ; in 1870, 7*d.* 98 ; in 1871, 7*d.* 1 ; in 1872, 9*d.* 54 ; and in 1873, 15*d.* 39?—I presume that is correct.

4645. Just look at the Table you put in yesterday, which showed the surplus or deficiency of the profits per maximum dividends ; I see you have taken there the years 1870, 1871, 1872, prior to the abnormal year of 1873?—Yes.

4646. Why did not you take it ; you had the means of taking from the books 1869 also?—I do not know ; they were not made by me. They were used by Sir Edmund Beckett in his address, and they were put in in evidence.

4647. You decline to be responsible for them?—Yes.

4648. I will ask you a question notwithstanding that ; if you take 1869 in, would not 1869 show, if worked out, that with the 3*s.* 9*d.* price the Imperial Company would have had a surplus in that year?—I am afraid it would be rather difficult to answer that question.

4649. Not at all; you have a 4 s. price, have you not?—In 1869 it was 4 s.

4650. In that year you had a considerable surplus?—We had.

4651. If you strike off the 3 d. from the 4 s. over the 3 s. 9 d. in price, and strike off from the surplus what will make up that deficiency, would it not still leave you with a surplus?—I am not sure.

4652. *Chairman.*] What was your actual surplus for 1869 at 4 s.?—£. 44,728, and that just left us 3 d. per 1,000; that perhaps answers your question.

4653. What was the net price of coal in that year?—Ten shillings and sixpence halfpenny.

4654. *Mr. Cripps.*] You say that works out just 3 d.: but it worked out 3 d. in 1874?—Yes, just 2½ d.

4655. It is the fact therefore that in that year, if this had been carried on to 1869, if you had had a 3 s. 9 d. price, you would have paid your dividend, and have had a surplus?—It appears to be so.

4656. *Chairman.*] In fact, you would have had a larger surplus than you had in the following year?—Yes, we reduced the price to 3 s. 9 d., and it drew down the surplus to 2,600 l. I am speaking in round numbers.

4657. *Mr. Cripps.*] In both the years 1871 and 1872, for half of each year you charge 3 s. 8 d. only?—Yes.

4658. And the total deficiency in those years is about 12,000 l.?—Yes.

4659. *Chairman.*] I wish we could get the prices of 1874, as this Table has not got them?—They are not published by all the companies.

4660. Have you got them for your company yet?—I dare say I could get them for you.

4661. *Mr. Birley.*] Are your accounts complete for 1874?—Yes.

4662. *Chairman.*] Can you tell us what the surplus or deficiency for 1874 is?—Yes, I think I can; we have made out a rough book for our own guidance.

4663. Is 1874 made up?—It is down in manuscript for ourselves as well as we can do it. We had a surplus on the year 1874 of 21,162 l. I think it has been given in evidence; that is the year of revision.

4664. Your price during that year was what?—Four shillings and eight pence.

4665. Could you let us have these accounts, because it would be important to us to compare them with the estimate before the Commissioners?—For what they are worth they are quite at your service.

4666. Your own accounts would be worth everything. I only ask you for your own; I do not ask you to make yourself responsible for the manuscript accounts of any other company?—Yes, certainly you shall have them.

4667. They will be handed in?—Yes.

4668. *Mr. Cripps.*] You told us that your normal increase of consumption was about 6 per cent. per annum?—That has been at the rate for the last 10 years.

4669. You went in 1874 for a higher price?—We did.

4670. Did you find that higher price had at once the effect of checking that higher rate of increase of consumption. I think you found your increase in that year was only 2 per cent.?—I think it was 2½ per cent.

4671. I will take it at 2½ per cent. because it is a matter of principle?—But I ought to explain that that rate per cent. which I have said is per annum, of the companies' requirements, is with reference to the largest demand on a single day, our works have to be sufficiently large for the largest day of demand.

4672. It does not affect the question I ask you. I ask you what year by year was your ordinary increase in business, that is in money received, and in gas supplied; you said it was about 6 per cent.?—On the average by the year.

4673. Then I ask, whether it is not the fact, as soon as you came to increase your price, that ordinary increase dropped at once to 2½ per cent.?—I should explain that the—

4674. First of all, is it the fact?—Year by year we do not go on at that particular

Mr. H. Chubb.
16 June 1875.

ticular rate; sometimes we jump up to 10 per cent., and sometimes we are down to 1 per cent.

4675. You have now got away from the question?—It did not drop down in the way you put.

4676. From being an average of 6 per cent., it dropped with your increase of price to $2\frac{1}{2}$ per cent.?—No, I cannot admit it. I should like you to understand it, because I believe that when you do, you will see that that is not so.

4677. Then you must correct your former answer; you gave me 6 per cent. as the average; if you have anything to say about the average there is an error in this $2\frac{1}{2}$ per cent.; your former answer must be corrected?—I will give you the particulars.

4678. Give me the particulars of increase for the years from 1869 downwards?—In 1869 the increase was at the rate of 5 per cent. over the previous year; in 1870, when the price dropped to 3 s. 9 d., it was 6·2 per cent.; the next year, when we dropped to 3 s. 8 d., the increase was only 5·8 per cent.; the next year at 3 s. 9 d., it was only 2·9; in 1873, it was 5·3; in 1874, it was 3·7.

4679. It strikes me you were wrong when you gave me the average of 6 per cent.; that will not make an average of 6 per cent.; and you must have been wrong in your answer to me yesterday?—In 10 years you will find it is so; in 1864 it was 11 per cent.; in 1865 it was 7 per cent., and in 1866 it was 7 per cent.; you will find the average comes out right.

4680. It depends upon how far you have gone back?—Ten years.

4681. Mr. VENABLES.] You said something about the largest day of the year. Will you explain that?—The largest day of demand last year, when the price was 4 s. 8 d., was 17 per cent. over the previous year, though the price was so high.

4682. Mr. CRIPPS.] Taking a day means that some exceptional circumstances happened on a particular day; perhaps an illumination?—No; the day before Christmas Day is the largest day of demand.

4683. Mr. BRASSEY.] Was that the day when there was a very large excess over any other day?—Yes.

4684. What was the next largest day?—We have never been so high as 17 per cent. since 1853.

4685. Do you think that you have greater fluctuations in your demand than other companies?—No, I think not. We never can tell what it will be, therefore we have to provide in excess of the estimate almost. This large demand I have referred to was quite unexpected.

4686. CHAIRMAN.] Of the different sources of demand, are the shops the largest?—Yes.

4687. Much the largest?—Yes.

4688. Have you in your district many factories lighted with gas morning and evening?—Not very many. There are some, but they are not very large consumers. The large haberdashers, Shoolbreds', in Tottenham Court-road, and Marshall & Snellgroves, are large consumers, and the large hotels; but the railways, I should say, are the largest consumers; the London and North Western Railway, the Midland Railway, and the Great Northern Railway.

4689. Is the consumption for gas stoves of any very real importance?—Not much; they do not consume much; they are increasing, I think, but they have not been of a very large amount.

4690. Mr. BRASSEY.] Are your powers of producing gas largely in excess of the greatest demand that you ever had?—We are sometimes very much pressed to make gas enough; it is a time of great anxiety.

4691. CHAIRMAN.] Does that arise from your staff being organised for a small supply, and therefore from your not having put on men suddenly, or is it because your works are not large enough?—It is because the works are not large enough for the very largest day of demand. On this occasion the difficulty was very great. It was a question whether we could quite keep it up. We had to draw upon each of our works to assist the other. Where the demand was a little less in

in the other district, we opened the valves to assist the other districts ; the works were at their very fullest capacity of production.

Mr. H. Chubb.

16 June 1875

4692. Mr. *Brassey*.] If you are bound to meet an extreme demand whenever it does occur, and if that extreme demand only occurs seldom, there must necessarily be a considerable amount of unproductive capital in your concern ?—That is so ; that is one of the constant difficulties of gas making.

4693. How do your works compare with other companies in that respect ?—I think they are pretty much the same. I should think so.

4694. You would say that all the companies would have a certain amount of comparatively unproductive capital ?—Yes ; we try to keep the works down to the lowest possible point.

4695. *Chairman*.] For such a day as Christmas Eve, on which you expect a great demand, you take care to have your gasometers as full as they possibly can be before the day ?—Yes ; we provide beforehand ; but if there is a foggy day or two before, we draw it off, and we are left to the day for what we can make for the day ; but the object is to get the works large enough to supply the largest day of demand, and we try to find out what the largest day of demand will be from past experience ; and looking ahead at the time by filling all the gas-holders to the utmost capacity, and so storing for this emergency ; but the gas-holders will not hold any very large quantity.

4696. What would they hold ?—About two-thirds of the day's make ; that is the rule.

4697. That is all you can store up ?—Yes.

4698. Mr. *Talbot*.] On a foggy day do you consume more than on Christmas Eve ?—Christmas Eve is always the largest day of demand in the year.

4699. What is the reason of that ?—There is a great jollification, and lighting up of all the public-houses, and the shops are kept open late. Saturday is the largest demand of any day of the week, because the shops are kept open late.

4700. Mr. *Brassey*.] Do you take on a larger number of additional workmen and stokers if you anticipate a special demand ?—For that month. The works are worked to their utmost during the whole of December and January ; we drop off a gang of one or two day by day, or add them on.

4701. Mr. *Birley*.] Could you give us any figures to show what you would indicate as the greatest demand and the very smallest demand of a day ?—Taking past years, the greatest demand was 21 millions, and the smallest three millions.

4702. That may be taken as the extreme ?—That is about the extreme variation.

4703. Mr. *Cripps*.] Under the revision clauses of 1868 you would have no power to go before the Commissioners merely to make up your reserve fund, unless at the same time you show that you want the increased price to pay your dividend ?—I am not sure of that.

4704. You may take it from me that that is the case ?—I cannot take it for granted.

4705. Assume that that is so, when you have to go before the Commissioners, according to the ordinary course of things, you would first of all have had recourse to your reserve fund, to some extent, and have done what you could to supplement the year by your reserve fund ?—Yes, I presume that that would be the course ; we should leave going to the Commissioners to the very last moment, and exhaust all our funds before we went to such a tribunal.

4706. Now, I want to ask as to what follows necessarily upon that. When you do go to the Commissioners you would always have to go to them, not only to get a sum to pay your dividend, but to make up your reserve fund, too, in that year ?—The clause seems to read that way.

4707. You say you would not resort to the Commissioners until the last moment ; but when you do resort to the Commissioners it must always be for a price which will pay what you call your statutory dividend, and make up your reserve fund for that year ?—The clause appears to read so.

4708. And, in fact, it was what you applied for in 1874 ?—Yes.

4709. Therefore the consumers of gas in a dear year will have to pay not only

Mr. H. Chubb.
16 June 1875.

only an additional sum to make up your dividend, but to make up the reserve fund which is to assist the consumers of future years?—Yes.

4710. And that is the necessary effect of the present state of the application?—Yes, the increased price is, I understand, limited to one year, and therefore it must do in that year all that is required.

4711. And therefore in that year, the gas being from some accidental circumstances dear, the consumers have not only your statutable dividend but the reserve fund to make up, which may be 80,000 *l.*?—Yes.

4712. And if your reserve fund had been exhausted, and there was nothing, then the Commissioners would be bound to give you such a price as would make up your dividend, and give you enough to make up the 80,000 *l.*?—The Commissioners would have to consider that as the amount to be made up.

4713. They would have to give it you under the Act of Parliament?—Yes, assuming that we have exercised due care and management.

4714. Supposing due care and management was not disproved?

Mr. Bristowe.] Supposing that the fund were exhausted, do you mean that the total Parliamentary amount of 81,000 *l.* could be called upon out of the pockets of the consumers in that year.

Mr. Venables.] That is so.

4715. Mr. Cripps.] And not only that, but they would have in future years to make up a price which will give 10 per cent., besides that when you have done that there would be 80,000 *l.* as well?—There is no dispute about that; the whole cost falls upon one year unfortunately.

Chairman.] I cannot find that clause which you have been referring to.

Mr. Venables.] They can apply for a revision, and when they apply for a revision the Commissioners must do it.

Witness.] As the company is advised, we could go simply to our reserve fund, without any deficiency in the cost of gas.

4716. Mr. Cripps.] You were advised that you could go to the Commissioners to ask them to make up the reserve fund, although the price was sufficient to give you a dividend of 10 per cent. Assume that it was so it would have no operation, because you would not apply to the Commissioners until you were driven to apply to them?—If we could look ahead and tell what was coming, we should go at the earliest possible period.

4717. Practically, you would go when you wanted to make up your dividend?—Yes, when we were *in extremis*.

4718. And you would exhaust your reserve fund first?—Yes, we hope to be able to tide over our difficulty, and we should postpone the application to the latest possible moment.

4719. Chairman.] That is the policy of your directors, but there is nothing preventing your directors trying to get as high a price as they can?—Only this, that the lower the price the more secure the property.

4720. Do not you think your property more secure with a reserve fund up to 81,000 *l.*?—I think what injures our property more than anything else is agitation.

4721. Mr. Brassey.] I suppose you live in a wholesome fear of the Metropolitan Board of Works?—They keep us in everlasting dread.

4722. And in good order too?—Perhaps wholesome order.

4723. It is a wholesome influence, is it not?—It may be so.

4724. Mr. Cripps.] We are your customers, or your consumers?—If you represent the public, undoubtedly that is so.

4725. In one year, and one year only, prior to 1860, your dividend was not quite up to 10 per cent.?—I think that is so.

4726. Of course the great object of the servants and officers of the company in that state of things, was to get the dividend up to 10 per cent. again?—I presume so.

4727. Supposing you could divide 12 per cent., and you only divide 10 per cent. in the same way, would not you have exactly the same object then to get the

the dividend up to 12 per cent.?—I have endeavoured to explain that the great objection raised against the companies is, that we pay 10 per cent. My feeling is that if we paid more than 10 per cent., the howl would increase.

4728. Do I understand you to say that under those circumstances you would be afraid to divide 12 per cent.?—I think we would be. Of course it would be difficult to control the shareholders anxious to get the money, but if the directors could control them and guide them, and prevent their desire to get more for their money, their advice would be not to take it but lay it by.

4729. If the price to the public could fall and you could divide 12 per cent., would it be a fair thing to direct persons only to divide 10 per cent., and to keep up the price to the public?—No, I did not say that. I said if there were 12 per cent. ordinarily being divided by reduction of price, if the proprietors could be persuaded to lay that money by as a reserve fund to equalise the dividend, they would do better. I am afraid it would be hardly legal or hardly practicable.

4730. You would have all that inducement then to go on with care and economy which you had when you could only divide 8 per cent.?—I do not think anything could be added to the inducement which already exists.

4731. Have the shareholders in the company any single interest except in getting the largest interest for their money that they can?—Yes, especially when your dividend is a prescribed maximum.

4732. Supposing there is no prescribed maximum; I speak now of our proposals?—I speak of the other side of the question.

4733. Assuming this up and down sliding scale, would not it be the sole interest of your shareholders to get the highest dividend they could for their money?—Yes, but you must look at the other side, the possibility of the reduction of dividend; the probability is greater on the side of reduction than on the side of increase.

4734. Assuming that the accounts of the company and the management of the company enabled you (which is what I am putting) with care and diligence to divide 12 per cent.?—I looks to me impossible ever to reach it.

4735. You do not think that state of things can arise, but if that state of things could arise, it would be the greatest possible inducement to all the servants and officers of the company to work well and economically in order to produce it. You must admit that?—I can see clearly that the shareholders would like more dividend.

4736. You spoke about an objection being made to your 10 per cent.; do you differ from Mr. Burke that the whole of that agitation has arisen, not because your dividend has been increased, but because the price was raised by the Commissioners?—The immediate agitation arises from that, but added to that comes the question of their dividing 10 per cent.

4737. The cause of the agitation, and what has startled the public, is the rise in price?—The immediate cause is the rise in price to 4 s. 8 d., and added to that comes the general growl that we are paying 10 per cent.

4738. But your dividend above 10 per cent. could never happen, except simultaneously with the fall of price to the consumer?—That is your scheme; it would be altering materially the present state of things, and it would not secure to the company their prescribed dividend.

4739. We have talked of the Commissioners' costs; the Board's charges for that were under 1,000 l.?—I think just over 1,000 l.

4740. With reference to the question raised before the Commissioners, and alluded to here, of the conversion of a portion of your loan dividend into share capital, it took place just after you applied to Parliament for power to raise an additional sum of money, did not it, in the year 1865?—In the year 1866.

4741. And what you laid before Parliament, at that time expressly, was that you could not go on without more money; that you were driven to make the application?—Yes.

4742. And when you had got the money, you got 230,000 l. of it which would be raised among the shareholders at 7 per cent.?—Yes.

4743. And with it you paid off a loan bearing only 5 per cent. interest?—No, we did not do so.

4744. Did not you convert the loan into capital?—No, the loan was quite a separate transaction.

4745. It was 10 per cent. at that time?—Yes.

Mr. H. Chubb.

16 June 1875.

4746. You ought to have corrected me; you raised it to 10 per cent., and did not you cancel a loan with that to the extent of 230,000 l. ?—£. 260,000.

4747. That 260,000 l. was out at 5 per cent. ?—About that.

4748. And it might have remained at 5 per cent. ; there was no reason why it should not remain at 5 per cent. ?—That needs explanation.

4749. Any explanation you like you can give, it was a loan at 5 per cent. ?—I have given it several times, but I shall be happy to repeat it; in the years 1866 and 1867, after the great panic, there was a large amount of bonds falling due at the end of the year; in the autumn of 1866, my company had to pay off another large amount too in the spring of the year; we were unable to raise money at that time; we could not place the shares. To borrow money from bankers or endeavour to raise the money to pay off the loan was a difficulty staring us in the face, and in a time of panic undoubtedly those amounts were turned into share capital, carrying 10 per cent. interest; it was fully explained to Parliament in 1869, and they put it into the preamble of that Bill, so that it might be clearly understood, and whether rightly or wrongly, should be recognised.

4750. I am asking first as to the transaction itself; what Parliament did in 1869, I will come to presently; the transaction itself was that that loan of 5 per cent. became by the money which had been given to you, and which you wanted for the purposes of your undertaking, in effect, a 10 per cent. bearing capital? I think you should not mix up the two things; there was a loan which was already raised, falling due; it had to be met; it is not part of the outlay on the capital of the company, the capital had been already expended.

4751. It was a loan which might have been renewed upon the same terms?—If it could have been done.

4752. You never suggested before the slightest difficulty about getting the 5 per cent., have you? But is it the fact that under your Acts that loan capital, having once been paid off, could not be replaced by loan capital?—I do not see that at all.

4753. Is it not the fact, that having once ended that loan capital by making it share capital, your power to raise it as loan capital again was gone?—Yes.

4754. Therefore, the effect was that permanently the company got for their purposes 10 per cent. instead of 5 per cent., and the consumers lost the difference?—Yes; you may take it that as it appears now it scarcely seems a wise transaction, but it was done at the time of the panic, as I have previously explained; to look back upon it, it appears undoubtedly to be an additional cost upon the undertaking.

4755. And it was done with money which had been given you, on your application to Parliament, expressly for a different purpose?—No, I think not.

4756. When you applied that same year to Parliament, and got power to raise it, did you attribute any portion of what you asked power to raise, to paying off the loan?—They are two distinct things.

4757. When you came to Parliament for money, you estimated the amount of money that was required for your undertaking?—The debt already existed.

4758. And might have continued; it was part of your loan capital?—Yes.

4759. And as to all your loan capital, it is a debt which already exists?—Yes.

4760. I believe that was not proposed to be altered at all by your application to Parliament in 1866?—It did not alter the state of things in the least with regard to the Act of 1866; it was simply this, as I have endeavoured to explain, that so much of our loan capital fell due that had to be paid off; the loans are for stated periods, two or four years; and a large sum fell due that had to be met, and in a time of panic this was adopted.

4761. *Chairman.*] By which of your Acts of Parliament did you obtain power to issue capital at 10 per cent. to pay off these loans?—The Companies Clauses Act is incorporated with the Companies Private Act, and it is under the power of that Companies Clauses Act that this was done; it was laid out very clearly in that Act, and those are the powers which permit it to be done.

4762. And

Mr. *H. Chubb.*

16 June 1875.

4762. And the same powers would have enabled you to have paid off all your loans at that time, and have issued fresh capital?—Yes, and the loans amounted at that time to more than 400,000*l.*

4763. And you paid off 260,000 *l.*?—Yes.

4764. Mr. *Brassey.*] Have you power to issue debenture stock?—Yes.

4765. Have you ever tried to relieve yourselves of the great inconvenience which sometimes arises from loans falling due, by issuing debenture stock?—We have not tried it, but undoubtedly it would be wise to begin to do so.

4766. *Chairman.*] Since you obtained your Act of 1869, you have not this power of paying off loans, have you, by the issue of fresh capital?—I think there is a clause somewhere that prevents our doing it.

4767. Mr. *Cripps.*] When you say the Companies Clauses Act, you mean the Act which is applicable not to gas companies only, but a general Act applicable to all companies?—Yes.

4768. Which, in a general way, without reference to the peculiar circumstances of the gas companies, enables the share capital to be changed into loan capital, or loan capital into share capital?—Yes, you must have some way of paying off your debt.

4769. Mr. *Bristowe.*] Which is the private Act which incorporated the Companies Clauses Act?—The Act of 1854.

4770. Mr. *Cripps.*] The effect of that, as you once described it, was this, “That being done, you say your power under your Act of raising 260,000 *l.* in any way at 5 per cent. is gone, you cannot revert to it again?—(A.) No, I believe the share capital is reduced thereby permanently to that extent. (Q.) That is, the charge of 13,000 *l.* becomes by that operation a permanent charge on the consumers of gas?—(A.) Yes” ?—Yes.

4771. Mr. *Brassey.*] Are your shares at a premium?—No, they very seldom pass from hand to hand; the debentures are held chiefly by large insurance companies, by the Bank of England and other institutions of that kind; they very seldom change hands in any way, and therefore I am not able to say whether they are at a premium. It depends upon the rate of interest.

4772. What is your rate of interest?—We vary from 4½ to 5 per cent.; I think we have had to give as much as 5½ sometimes; we cannot raise money so cheaply as the railway companies can; the market is not so large, and the security is not so well known.

4773. And you are always subject to be attacked by the Metropolitan Board of Works?—That is one thing. If the Metropolitan Board would lend us the money at a low rate of interest, we should be contented.

4774. What do you say as to raising any future amount of capital that you may require from the Metropolitan Board?—I say we only want to raise it at the lowest amount.

4775. I ask whether you think it might be advantageous, in order to provide a capital in the future, at the cheapest possible rate, to avail yourselves of a guarantee from the Metropolitan Board of Works?—I think if we had a guarantee from the Board of Works it might induce people to lend us money at a lower rate than we have it now.

4776. Mr. *Cripps.*] Your new capital you would like to raise in that way?—Yes.

4777. And would you like the Metropolitan Board to lend you the money?—I should be very glad to have it from them in that way; we do not want to raise the capital in any way beyond the amount at which it will float.

4778. Mr. *Bristowe.*] I do not understand whether any application was made to the bondholders in 1866 to renew the loan?—I believe it was. I believe the application was made to them to renew, but they declined.

4779. Mr. *Cripps.*] You have told us several times that in the Act of 1869, that matter of your having converted that capital is recited?—Yes.

4780. And did the Metropolitan Board oppose that Bill?—Yes.

4781. Do not you know that the opposition of the Metropolitan Board had

Mr. H. Chubb.
16 June 1875.

nothing to do with the money part of that Bill, and nothing was ever said about the money part of the Bill. From first to last the opposition of the Metropolitan Board simply related to putting those clauses into your Bill which had been in the Bill of 1868?—No, they opposed the Bill as a whole.

4782. Was a single word said in opposition to the Bill as to the money clauses, or the money part of it?—I think so.

4783. Have you got the proceedings?—Yes, I could find something of the kind.

4784. Was anything from first to last ever said by those representing the Metropolitan Board, or was their attention in any way directed to that part, in your recital?—My belief is that their attention was drawn to this preamble.

4785. To that part of the preamble, was anything said about the money clauses?—I am speaking quite from memory, but if I had the book I could find something about it.

4786. Is there any discussion which shows that the Metropolitan Board's attention was called to it?—I will look and tell you.

4787. I dare say you remember who was there for the Metropolitan Board?—Mr. Rodwell appeared for the Metropolitan Board.

4788. And I had the honour of appearing with him. Now show me where any discussion took place, or where there was any attention drawn to that part of the preamble?—I think I marked it on one occasion, when we discussed this before.

4789. I will presume you have looked through the proceedings to see whether you can find it?—Here is one remark on page 7 of the 1869 proceedings, on Thursday the 6th of May.

4790. This is the strongest thing you can find?—I just remember this; Mr. Rodwell says, "I understand that no substantial alteration in the preamble will be necessary to be made, because our attention was drawn to that when we proposed these clauses."

4791-2. Is that what you rely upon?—That is one point.

4793. Mr. Cripps.] Is there anything in the Bill itself which carries out that part of the preamble, or is it a mere recital?—It is mere recital; it recites the fact that it was done.

4794. And there is nothing further in the Bill, and no clause whatever which carries out that part of the preamble, or makes it an enacting part of the Bill?—No.

4795. It is only a part of the recital left in the Bill?—Yes, and it was done three years before the revision clauses were thought of.

4796. The revision clauses were the point upon which we were opposing the Bill of 1869, among other things?—You opposed the Bill of 1869 as a whole, from beginning to end.

4797. The Bill of 1869 passed, in the first place, without the clauses of 1868 being put into it, and then it was referred back to the Committee; and then, at the instance of the Metropolitan Board, some of the clauses, though not all, were introduced?—The Bill as it first passed the Committee had a scheme in it somewhat like the Act of 1868, but not exactly so, and it was referred back to the House.

4798. And the Metropolitan Board thought enough had not been done; it was re-committed, and the Metropolitan Board appeared before the Committee to get more of the clauses put in?—They appeared again before the Committee.

4799. For that purpose?—For general purposes; they opposed our raising any money at all.

Re-examined by Mr. Venables.

4800. Turning back to a question asked yesterday, Question 4580, and the few previous questions, you have stated that for the reasons you have explained, you have given an average of 1 s. a ton more for coal during the five years than the South Metropolitan have given?—Yes.

4801. Then my learned friend, Mr. Cripps, asked you this question: "Then the 1 s. would be how much loss to the consumer in that time." I do not understand you to allege that there was any loss. The assumption seems to have been that you could have got the coal 1 s. cheaper. You could not have got the coal

1 s. cheaper, could you?—We got our coal at the cheapest possible price.

4802. Consequently my learned friend, Mr. Cripps, suggests a calculation that it would make a loss of 100,000 l. to the consumers, your having to pay a shilling more on the average than the South Metropolitan; that is to say, if you could have got your coal 1 s. cheaper, all the people concerned would be 100,000 l. the better?—That is what he endeavoured to make out.

4803. You have given the working expenses, by which you showed that, by a small amount, your working expenses were less than the South Metropolitan?—Yes.

4804. To the extent of '22?—Yes, and it was rather objected to at that time, that I had included in those working expenses items which were not fairly to be called working expenses.

4805. And you had done so to save trouble?—Yes.

4806. But supposing you had left out all those things which could not be affected by care and management, how would it have worked?—I dare say a little to the advantage of the Metropolitan Company, but not much.

4807. Do you know by how much that would have reduced that advantage of '22?—There would have been an advantage in favour of the South Metropolitan upon the working expenses, pure and simple, of '2.

4808. It would have given them that advantage over you altogether?—Yes. I thought it right to say so, because I was asked the question by the Chairman, and it seemed to infer that those items would tell very much one way or the other to this extent they do tell; they reduce the comparison between us and the Metropolitan Company from '22 in our favour to '2 in favour of the South Metropolitan, upon the working expenses, pure and simple, and on the others we get an advantage which brings it up to the point of '22 on the whole in our favour.

4809. Your fixed expenses, which depend rather upon the policy of directors than on management from day to day, are lower than the South Metropolitan?—Yes.

4810. And on the other hand, those which depend upon management from day to day are slightly higher?—Yes.

4811. But a very little higher?—They just make the difference I have spoken of; and some of those I have now excluded, I believe, to be under Mr. Livesey's control, in the position in which he stands with that Company, but I have not gone into it sufficiently to explain the circumstances.

4812. You were asked if any legislation had interfered prejudicially with your dividend, which it has not?—It has not; in all cases where an attempt has been made to diminish our dividends, and to deprive the Company of what we consider our statutory rights, Parliament has always interposed and preserved the state of things between the Company and the public and the consumers.

4813. And in every case in which you have had a contest, your dividend would have been impaired if the Metropolitan Board of Works had succeeded in their contention?—Yes.

4814. And it was only because they did not succeed in their contention, and you were protected by Parliament, that you have not been injured?—Yes.

4815. At present as you have no revision clause, you could not have maintained your dividend?—We could not have maintained our dividend.

4816. That is assuming the initial price?—The initial price being 3 s. 9 d., we could not in these periods of the high price of coal have maintained our dividend, and the revision clauses enable us to do so.

4817. And upon this case again, clearly by the operation of Clause 6 your dividend might, if the price of coal rose, be reduced?—Yes.

4818. Now as to the contingent rise; I understand you to say that you think it would be a very unsafe advantage even if it were obtained?—Yes.

4819. And would create a new agitation which would deprive you of the advantage of it?—Yes.

4820. To that Mr. Cripps suggested an answer that "the worst that could be done would be to bring you back to your 10 per cent. again." That is supposing there was an agitation against 12 per cent.?—He suggested that.

4821. But it would be 10 per cent. no longer as a maximum and a minimum, but 10 per cent. as a maximum, with a possible reduction?—Yes; a totally different state of things.

Mr. H. Chubb.

16 June 1875.

4822. No longer a minimum, but only a maximum?—Yes; a totally different state of things to that which exists now.

4823. Therefore the assumption is, that it would be in fact merely reverting to Clause 6; that you would not be sure of any rise, but you would be certainly exposed to a fall?—We should be liable to a reduction, and not to the advantage of a rise.

4824. What is your opinion as to the probability of its operating either way; which way is it more likely to operate?—The probabilities are certainly that it will lead to a reduction.

4825. To a reduction of the dividend?—Yes, to a reduction of the dividend in consequence of the probabilities of the rise in coal, and the rise in wages.

4826. And in saying that, you take into consideration the profit you would probably gain by the extension of the consumption?—I have taken the mean of the whole, and the probabilities are that such a scheme would lead to a reduction of dividend, and I believe that must be the reason why they urged it so strongly.

4827. If they did not it would be no advantage to them?—No.

4828. Because if your dividends remain the same, they will have the advantage of any reduction of cost?—Yes.

4829. Without the necessity of any sliding scale at all?—That is so.

4830. You say your average increase for a period of 10 years was 6 per cent.:—Yes.

4831. But as you afterwards explained, the average has been by very irregular increases in different years?—Yes.

4832. Consequently the circumstance that you only increased $2\frac{1}{2}$ in the year 1874 affords no indication that the average was affected?—By no means.

4833. The day, I think, on which you attained the largest demand you ever attained was the day before Christmas-day?—Yes.

4834. You say that it was an increase of 17 per cent.; what do you compare it with?—The previous year, 1873.

4835. And besides being 17 per cent. above it, it was larger than any year?—Larger than any year except the year 1853; between 1850 and 1874 there is no such increase in any one year as 17 per cent., except the year 1853, when there was 23 per cent.

4836. That is to say, there was a larger per-centage of increase, but the actual quantity was larger last year than any year?—Yes.

4837. One of the honourable Members suggested to you what I suppose must be the case, that as you have to provide for the largest possible demand, you have an ordinary capital employed which is the greater part of the time unprofitable?—Unused.

4838. But, at the same time, it is a matter of due care and management to provide for any reasonable probability of exceptional consumption?—Yes, the company are bound to supply all their consumers, and we are under penalties if we do not do so and if we fail in that respect; and therefore we are obliged to keep our works up to the maximum of demand, in order that the consumers may be supplied under any circumstances. And I may add that we have never had any complaint against us during the many years I have been there of an insufficient supply of gas; nor do we find amongst our consumers that they are dissatisfied in any respect.

4839. All this dissatisfaction, as far as you know, is not among your own consumers?—I am confident it is not; I have endeavoured to ascertain from those most likely to know if they have any complaints to make, and they informed me that the Metropolitan Board of Works have asked the consumers to come forward to say if there was any complaint.

4840. You were asked about the coals of Bromley; you say your reason for the choice of the site was the advantage in getting the coal there?—It was one of the main points leading us to select the site.

4841. You have already said that it will hereafter become the largest of all your stations?—If the increase goes on at the rate we expect, it will be the largest of all the stations.

4842. You do not propose to transfer any works from the other stations to it?—By no means.

4843. You require the others to be fully occupied as well as it?—Yes.

4844. And you have not more space for future extension there than you think

Mr. H. Chubb.

16 June 1875.

will be required for the increased demand?—Two of the works are incapable of enlargement, and the Fulham works, which could be enlarged, we are prohibited by Parliament from enlarging in any way to increase our production, which will render it necessary for us to go to another site and construct new works.

4845. You were asked whether your comparatively disadvantageous sale of coke at Bromley is not from its being a bad station. My learned friend said, "Will not the customers find out the coke market at Bromley?—The customers who will come to that station will not be the retail customers that the South Metropolitan can get for their coke. There is a very small demand in Bromley for coke, and I believe it will remain so; the works will be always in a difficulty as respects coke; it gets an advantage in coal, but loses it in coke from not having a local demand.

4846. And I suppose the people who want to buy coke know well enough about Bromley; they know they can come to Bromley if they want to deal with Bromley?—Yes, they soon find out the cheapest market.

4847. You have near Bromley another establishment of gasworks kept up, which will compete with you for the sale of coke?—Yes, the Beckton works are in a similar position as ourselves with respect to a coke market. They are on the river; we are on the Bow Creek, which amounts to the same thing as the Thames, and they are at a great disadvantage in selling their coke.

4848. You compete with them and they compete with you?—Yes.

4849. So that both companies are, to that extent, injured by their proximity to each other?—Yes, they have both the same difficulty, and they have only the cement men to apply to.

4850. I understand that in 1869, when the price was 4 s., you had a surplus of nearly 45,000 l.?—Yes.

4851. And that represents how much?—3 d. 74.

4852. In consequence of that you took off 3 d. in the next year?—Yes.

4853. What was the result of that?—The surplus was reduced to 2,664 l.

4854. At 3 s. 9 d.?—At 3 s. 9 d.

4855. I understand you to say that you have, under the Act of 1869, power, if you should think fit to exercise it, to go to the Board of Trade to ask for a revision of the scale of illuminating power, even if your dividend is full?—Yes.

4856. You will see by the 25th section of that Act, which is the first section which refers to the point, that there is no condition; they may go at any time, even if they have a full reserve and full dividend also; they may go at their own discretion; and then, by the subsequent section, the 35th, the Commissioners shall fix the illuminating power so as to fill up the reserve, and also to give a full dividend?—Yes.

4857. Mr. Venables.] I understand, as long as you could get your dividend, you would be most unwilling to go?—Yes.

4858. Although you were advised that you could go for the reserve fund only?—Yes.

Chairman.] It appears to me proper to get at. It can hardly be considered immaterial.

4859. Mr. Venables.] I do not think it immaterial; but it is immaterial to get the witness's opinion about it; it is a matter of argument, not of evidence. (To the Witness.) You said, in answer to the honourable Member for Newark, that even if your 81,000 l. were absolutely exhausted, you might go to fill up any deficiency in dividend, and also to fill up the whole 81,000 l.?—That is my reading of the clause.

4860. And that is no doubt the fact; supposing the 81,000 l. to have been exhausted, it could only have been exhausted by giving the benefit to the consumers to the amount of 81,000 l. previously?—In previous years.

4861. That is to say, its being empty would simply indicate that the consumer up to that time would have had the gas cheaper than he would have had if there had been no reserve fund?—Yes; and that makes the discrepancy greater in the way I pointed out between the Imperial Company and the other companies in the year 1874. The other companies had increased their price previously.

4862. You mean the companies under the Act of 1860?—Yes, the companies Mr. Gunn contrasted with the other companies. He endeavoured to show that

Mr. *H. Chubb*.
16 June 1875.

revision had done badly for the consumers, by pointing to the result of 1874; whereas in the previous years, the other companies had risen gradually, and had paid their full dividends. In 1874, not having drawn upon their reserve fund, they were able to do with a less price than we did; but we having exhausted previously our reserve fund, wanted a larger price than they did in that year.

4863. The result to the consumers was no loss, because they had already had the benefit of all the reserve money that had to be made up under the award of the Commissioners?—Yes.

4864. Having had the benefit, and supposing coals had suddenly become cheap, you would have been able to fill up your reserve fund again without the increased price?—Yes.

4865. And consequently the consumers would in that case have got an unmixed benefit?—Yes.

4866. And as it was, they neither gained nor lost by it, because they gained in the earlier years and had to make it up in the later years?—Yes.

4867. It is suggested that the consumers are not the same; I suppose a large part of the consumers of 1873 and 1874 are the same?—Yes; they are very stationary indeed.

4868. As to the conversion of loan into shares, that is under the Companies Clauses Act, which was long ago incorporated into your Act?—Yes, and which has been acted upon by most of the other companies; several of the other companies acted upon it as we did.

4869. It was well known to everybody who took the trouble to master the subject, that you had that power?—Yes.

4870. And that power was not withdrawn from you when you got that additional power of raising certain capital in 1869?—That fact was well recognised and well known.

4871. And you, therefore, had the power, which, as I understand from Mr. Cripps's questions, had not even been attacked by the Metropolitan Board?—My impression is that it was known to them.

4872. They were bound to know it, but they objected to it?—I believe they did. I have not had time to look at it, but it was sanctioned by the Act of Parliament.

4873. Either they objected to it, and their objection did not prevail, or if Mr. Cripps is right, they did not object to it?—Yes.

4874. Mr. Cripps suggested that you represented to Parliament that you wanted a certain sum of money for works, and that instead of making works you spent 260,000 *l.* in paying off loans; but in stating what you required for works, I suppose you credited yourselves with the 260,000 *l.* then out as loan?—Yes; every farthing of money raised under the Act of 1866 was spent in works.

4875. Therefore, you had no more capital after the conversion than you had before?—No.

4876. It was simply an internal operation?—Yes; simply a matter of account.

4877. I suppose you stated before the Committee your financial condition, and what capital you had expended, and so on, as far as it became necessary for the inquiry?—Yes.

4878. Therefore, anybody who thought it material might have called attention to your having this loan capital?—Yes.

4879. And you having the loan capital, put it into another form; but you had no more loan capital to apply to works?—No more capital to apply than that which had been previously authorised by Parliament. Will you allow me to refer to a question I was asked yesterday as to the 14 candles.

4880. I think I ought to have asked you this: You were asked about the 14 candles, and you were asked whether, if you actually supplied 16, it would do you any harm to be compelled to supply that 16?—That referred to the Paper that I put in of the estimate of the South Metropolitan Company. I called them 14 candles, and it was said that it must have been well known to me that it was 16 candles; and I endeavoured to explain, and I referred at the moment to the question in Mr. Livesey's evidence in proof of what I said, and I find that it is at 1060. I was asked yesterday to refer to the question in support of my statement that the South Metropolitan was 14 candle gas.

4881. *Mr. Cripps.*] I read to you Mr. Livesey's question and answer?—I endeavoured

deavoured to find this answer and I have done so. I have been referred to this question: the Chairman observes that by getting 3s. 9d., the South Metropolitan Company would get 3d. more than their present maximum; it is Question 1060: "It would be 3d. above your present maximum, would it not?"

A. But it is a higher illuminating power; ours is 14 candles at 3s. 6d."

4882. Whereas it is proposed to have 16 candles at 3s. 9d. under this Bill?

—Yes. Then Mr. Livesey is asked, "Would that be corresponding to your price for the 14 candles," and he answers, "I consider that it would," meaning 3d., and I think he answered that 1½d. a candle was what he considered to be the price.

4883. Mr. Livesey says they give 16-candle gas; it appears that you and all the companies give and are obliged to give a higher illuminating power than is prescribed?—That is so.

4884. That is because you are subject to heavy penalties, and are obliged, to avoid the penalties, to allow yourselves a margin?—Yes.

4885. If 16 candles were provided, that margin would be equally necessary above 16?—Yes.

4886. Therefore the actual 16 candles which you supply, when there is only an obligation to supply 14, would if the nominal power was raised two candles, have to be again raised?—Yes.

4887. *Chairman.*] The Chartered Company being obliged to furnish 16-candles and you being only obliged to give 14-candles, how much is the average of the Chartered Company as compared with yours?

Mr. West.] We shall show that.

Chairman.] It is an answer pertinent to this question.

Mr. Venables.] Do you know what the actual illuminating power is?

4888. *Chairman.*] What we do know is that the Chartered Company are bound under penalty to furnish 16 candles; you are bound only to furnish 14 candles; you say that if you were bound to 16, you would have to be considerably above 16. I want to know what is the present difference between you and the Chartered Company?—It averages from a candle to a candle and a half; they give a higher illuminating power than we do; they are never below 16; and we are frequently.

Mr. Venables.] I have extracts from the Quarterly Reports for 1874 of the chief gas examiner, appointed by the Board of Trade; he gives us a large number of reports. I will take the first month I come to, which is March; the Chartered Company at Beckton average 17·31.

Mr. Philbrick.] It is all on evidence; it is on page 22 of Mr. Keats' Evidence, Question 2333.

Mr. Venables.] The material point is at the bottom: "On the average for the year the Chartered Company is 17·65, and the Imperial Company, 16·69.

Mr. Philbrick.] The average of the Chartered Company is 17·18.

Witness.] Yes.

Mr. West.] I can give the last return, if you like.

Mr. Philbrick.] The average of the Chartered on the two stations shown is 17·18, and the average of the Imperial on the two stations shown is 16·65.

4889. *Chairman.*] Taking this table before you, and with this information, what would you be disposed to think the difference is; nothing like a candle and a half?—I am surprised to find it turns out to be so, but my impression was that the difference was higher.

4890. *Mr. Birley.*] Yesterday you gave us some information about this question of wear and tear?—Yes.

4891. And you told us in answer to questions put to you by Mr. Richards, that in laying down mains, if for instance a 12-inch main is substituted for a 4-inch main, the 4-inch main being still a good available main, in practice you

Mr. H. Chubb.
16 June 1875.

left it in the ground and did not take it up; but that in those cases in which you remove the 4-inch main the value of it goes in reduction of the capital account?—Yes.

4892. Now Mr. Field's information to the Commissioners at page 527 is that your company has more than 713,487 l. invested in street mains; is that true or not?—I believe it to be correct.

4893. It would come to this; if you had to renew the whole of the street mains, and did not take up the old ones, you would have 713,487 l. of literally exhausted capital?—That would be the result of it.

4894. Is not that a very serious matter?—Since you spoke to me upon the subject yesterday I have made inquiries as to the practice, and I find it to be this; those mains perish very little indeed and last a number of years. When we take up a main and put down another in lieu of it, we put down again the main that we have taken up in some other place where it is sufficient, and where it saves us so much outlay of additional capital.

4895. Here you say: "In practice we do not take up the old 4-inch main." Do you want to correct that evidence?—No, we very seldom take them up, because we put a main down in addition to the one already in the ground.

4896. That is not the effect of your answer; you say, "the iron is not worth while the labour of extracting the old main"?—When you come to a certain point; to that extent I will alter my answer.

4897. If you will allow me, I will read it. At Question 4390 Mr. Richards put to you plainly this: "Take a case of where a main is renewed, and a 12-inch main is substituted say for a 4-inch main; the 4-inch main being still a good available main, but being insufficient for the wants of the neighbourhood; what is your course then?" And your answer is: "In practice we do not take up the old 4-inch main; it is not worth while to do it. The iron is not worth while the labour of extracting the old one"?—I am glad to have an opportunity of correcting that. It is in practice this; I myself have the oversight of the items that come in in credit in the capital account, and as no item of any importance came in I felt that the main was not taken up in fact; but I find that when we put a new one down we very frequently take up the old one, and apply the old one in another district where a small one is wanted, and so it does not come into capital account at all. We pay for the new one and leave the old one in the place where it is still.

4898. In fact it is still available as part of the plant?—Yes.

4899. What is the average duration of mains as regards their wear and tear? What is the working life of a main?—We find that they do not decay at all.

4900. They last 20 or 30 years, or more probably?—Quite that.

4901. You have much shortened the questions I proposed to put to you, because this would have been very serious if you had held to your answer of yesterday?—I quite see it, and I am glad to have the opportunity of correcting it.

4902. Then I wanted to ask you whether you had paid much attention to the question of depreciation. You have made several valuable tables as to the value of property compared with your present system?—If we repair it, and maintain it up to its proper condition from year to year, that is following out the same system that the railway companies do, and I am not disposed to recommend any change in that respect.

4903. Is the property ever valued?—Only for assessment to the parish rates.

4904. But not otherwise?—No; we in this way value it. When we have any new work to construct, we see how far it bears reference to the old work that has been made.

4905. But you must know that the old work has not the same intrinsic value as new work, because there are always improvements in construction going on?—Yes.

4906. And in that respect it depreciates commercially, independent of wear and tear and time?—If we had now to commence our works anew, we could not construct them for less money than they have cost us under our capital account.

4907. You could construct them better and more efficiently?—We have altered them from time to time. A depreciation fund might be on the whole desirable,

desirable, but we maintain our works out of the current revenue of the year, altering, amending, and adapting them to any new invention.

4908. You believe that you have maintained them to the full value?—We believe that we have maintained them to the full value; I cannot say that that is so of the gas-holders; there should be some depreciation fund on gas-holders.

4909. You agree with Mr. Field that there ought to be a depreciation fund?—Yes.

4910. You informed us that you do not believe that the auditor would allow a depreciation fund to pass?—Not now, he has no power to do so.

4911. You pointed out also, that application was made to Parliament at one time for permission to have a depreciation fund, and it was not permitted?—I think it was in 1860.

4912. I read it somewhere, either here or in Mr. Field's evidence?—It was in Mr. Burke's evidence. At page 528, before the Commissioners, Mr. Field is asked: "Have you made a suggestion as to forming one?" (that is a depreciation fund) A. I remember being in a Committee of the House of Commons when the company asked to be allowed to have a depreciation fund, and it was then refused. It was in 1860, I believe.

4913. Now I want to ask this: did not you think the idea of the Committee then was, that a depreciation fund was to be merely another fund for the reserve fund?—No.

4914. A second or a third reserve fund?—No; I think the reserve fund was distinctly given to equalize the dividends from which you might draw.

4915. My idea of a depreciation fund would be a reduction from capital, and not a separate fund growing up by the side of it; I know that there are occasions on which that is useful?—It has been discussed on several occasions, and it has not been thought proper to provide for that fund, but I certainly think that with regard to gas-holders, something of that sort ought to be done.

4916. You told us yesterday that you did it in the case of retorts, but I think you misunderstood it. At Question 4355 you are asked by the honourable Chairman: "That is what my honourable friend and myself understand to be a wear and tear account. A. In that particular item of retorts that mode is adopted." Then to another question of mine, you say, "It is shown under the head of retorts; it is a large item, but still it is only one of a great many under the head of wear and tear, but the object is to get into the particular year the cost of the work done in that year, less the wear and tear of that year?—The system of keeping the accounts of the retorts has been in force from the very beginning, and it seems to have arisen in this way; out of capital account a new retort-house was constructed. The first year there were no repairs, no renewals of the retorts, and it was felt to be a difficulty that the whole expense of renewing those retorts in four years hence, would come out of revenue all at once. The retorts were valued to see how many years they would last, and it was found that four years would be about the average, and one-fourth in round numbers was charged the first year, another fourth the second, so that at the end of the time there was a fund in hand in account; only in account, available for equalizing the expenditure on the retorts.

4917. It appears in your books but not in any accounts submitted to the Commissioners?—Yes, we charged on each year one-fourth, and at the end of the time it was all expended, and it hardly amounts to a depreciation fund; it is something like what the railway companies do. With reference to the retorts we adopt the same system as a railway company does for the renewal of the road; I am an old railway manager, and I know exactly their system, and the system adopted with the retorts is very much the same; they lay aside a sum every year, whatever the cost of the renewal may be for the year, and it is expended out of a particular account.

4918. *Chairman.*] Under what Act did you first obtain the power to accumulate a reserve fund?—The Act of 1854 incorporating the Act of 1847, and it is under the Act of 1847 that the reserve fund is particularly described; that is the Gas Works Clauses Act.

4919. Can you tell me what the net market price of coals and coke, and other residuals is at present?—Gas coal will be deliverable in the river at perhaps 15 s. 6 d. upon a contract.

Mr. H. Chubb.
16 June 1875.

4920. That would leave a net price, taking in the market price of the residuals, of what?—It cost us more than 15 s. 6 d. to get it to our works; that would be in the river. Supposing the rate of coke to be about the same as in 1872, that would leave the net cost for coal somewhere about 7 s. 6 d.; about half.

4921. Taking the Table, I find that in 1870, with a net price of coal of 9 s. 4 d., and a charge to the public of 3 s. 9 d., you make a small surplus of 2,664 l. Of course I cannot bind you exactly to these prices, but at the present market price you say that the net price of coal would be 7 s. 6 d. Supposing that the prices continue as they are now, would you not be able to get a higher dividend, and to give the public gas at a lower price at the end of this year?—No doubt.

4922. Does that quite agree with the answer which you gave to Mr. Cripps, that you were of opinion that it would be much more likely that the scale would go up than that it would go down?—I think so.

4923. But taking the prices of to-day, it would appear that you would be able to give this advantage to the public, and get a larger dividend?—The prices of to-day are undoubtedly exceptional; they have come after a panic, and after a storm there generally comes a calm in the market. There is at present a glut of coal; the iron trade is in a precarious state, and the question of whether coal will remain at its present price is a very doubtful one; my impression is that it will not do so.

4924. Do you think that it is more likely to go up, or to go down?—I think that it is more likely to go up.

4925. There are a great many people who hold the contrary opinion, are there not?—Very probably so; it is entirely an estimate.

4926. However, your answer to Mr. Cripps was not based upon the facts of to-day?—By no means. I have asked many coalowners, and all the coalowners are in great doubt about it, but their doubt arises not so much from the demand for coal immediately as from the wages question.

4927. Supposing that the net price was to continue as at present at 7 s. 6 d., that would give you, at 3 s. 9 d., a very considerable surplus, would it not?—It would give us a very good living indeed.

4928. But it would give you a large surplus, would it not?—I think that it is probable.

4929. Do you know at all how much it would give you?—I can only form a bare estimate; I should find a difficulty in saying.

4930. Would it give you a 40,000 l. surplus?—If that price continues I think we may do it.

4931. If this price continued for a year would it give a surplus of 40,000 l.?—It depends upon two things, first coal and then coke.

4932. Supposing that the present prices remain, would it do so?—If the net cost of coal is 7 s. 6 d., I have no doubt whatever that that would be the result. For the present year it could not be, because we have contracts for one-half of the year ending in July; it must be a year during which the prices which we have referred to ruled throughout.

4933. You give the present price of coal at 15 s. 6 d.?—Yes, that is in the river. It costs 1 s. or 1 s. 6 d. to get it to our works. I think that now you could buy in the River Thames cargoes of gas coal at 15 s. 6 d. I think that Mr. Livesey could pick them up at that price.

4934. That is very nearly the price of 1870, is it not?—Yes, and 1871 was an unusually favourable year.

4935. In 1870 it was about 15 s. 10½ d., and in 1871 it was 15 s. 7½ d., which is just about the present price. Then not only would the present price, but the prices before the rise, that is to say, the prices of 1870 and 1871, would enable you, would they not, to make a considerable profit at 3 s. 9 d., and would therefore enable you to divide that profit with the public, and to diminish your price and increase your dividend?—The tables before you almost illustrate 1870 and 1871; they give you the figures worked out. During the year 1870, gas being at 3 s. 9 d. and coals being at the price given, there was a surplus of 2,664 l. only.

4936. I suppose that coke was not as high then as it is now?—It is the net price that is given; I think that must have been it.

4937. Perhaps the other residuals have risen, have they?—For a moment
tar

tar has risen. Mr. Livesey alluded to it and dealt with it as if it were a permanent price.

Mr. H. Chubb.

16 June 1875.

4938. Why do you think that it is not permanent?—In London the explanation is, that there is a new want arisen at the moment. There is a large firm that has evidently determined that they shall be the sole buyers of tar in London and the sole manufacturers; they are making contracts at very high prices with the different gas companies with the view of shutting up all other works. They avow it openly. They have already shut up the works of large manufacturers who purchased our tar for a great many years, and who have no tar available. The evident intention is to buy the whole trade up and to get it into their own hands, and then they can get the tar at their own price.

4939. At how much per cent. per annum do you think the increase of consumption advances?—Six per cent., for the last 10 years.

4940. That would mean that in four years it would be more than 25 per cent., because there would be the compound interest?—Yes.

4941. Twenty-five per cent. increase of your consumption would make a considerable increase upon your profit, would it not, taking the prices as the same?—It only distributes the management expenses over a larger make; the cost of making gas would remain the same.

4942. It puts the management expenses over a larger make, and the same mains would be used I suppose to a great extent?—They would have to be extended with the business.

4943. But not in proportion to the business?—No, I think not.

4944. Have you any idea what 10 per cent. increase of consumption, taking the price of labour and materials to remain as they are, would give you as increase of profit, supposing that you were merely like myself or any other trader, and that you had not got and dividends secured to you?—It is difficult to answer that question at the moment; but when I consider that the management expenses form so very small a portion of the cost of making and distributing gas, I think that would amount to a very small sum. But I will endeavour to get it worked out if you think it of value. Those expenses must to a certain extent increase with the increased demand, because the collection, salaries, and so on would increase with the increased demand. The board of directors would remain the same, and one or two items of that kind would remain the same, but many of those expenses which we call management expenses, which an engineer cannot control, must increase with the increased demand.

4945. But your plant would not increase in proportion to the consumption, would it?—Yes, every additional 1,000,000 feet of gas that we deliver out requires so much more capital expended for creating the works for that manufacture.

4946. I thought that for the present moment you put down works at Bow which were very considerably larger than you wanted, and that you were looking forward to an increase, as I understood, of from 5,000,000 up to 20,000,000 there?—That is correct to this extent, that we have the land for the whole works, we have made a dock for the whole works, we have made a bridge which is applicable to the whole works, and we have laid down certain leading mains which are applicable to the whole works; but the retort houses, purifiers, gas-holders, purifying sheds, and material and all that must be added for every 1,000,000 feet that we make.

4947. However, should I be right in gathering this much; that if the present net price of coal continues, you will be able to supply gas at a lower price than 3 s. 9 d., with some increase of dividend to your shareholders above 10 per cent. and 7 per cent., and that your position is likely to be somewhat improved by a constant increase in your consumption?—Yes. It all turns upon the question of coal and labour.

4948. Now take your disadvantage in the sale of coke; what would it cost you to carry your coke to where there is the greatest market; for instance (I do not know that it is so, but), let us suppose that there is a part of the South Metropolitan district, which is a very good market for coke, how much would it cost you to deliver coke to the consumers there, so as to compete with the South Metropolitan Company?—We actually do that now.

4949. What is the cost of it?—The cost of carriage is about 2 s. per chaldron for every two miles; that is about the contracts that we have, the price per chaldron

Mr. *H. Chubb*.
16 June 1875.

dron being 7 s. or 8 s. Supposing it to be 8 s. now, it would make it 10 s. for every additional two miles.

4950. Of course, the South Metropolitan Company would have to pay something for delivery?—They are in this position, that people come to their works to buy. Mr. Livesey says as much in his evidence.

4951. But surely no one would be so fond of their coke, that they would go to their place and cart away the coke for the same price at which they would buy the coke of you to be delivered?—No.

4952. Taking the district of the Surrey Consumers, how much less would you get for precisely the same quality of coke furnished to a large consumer than the South Metropolitan Company would get?—Our contract for cartage I think is 2 s. for every two miles away from our works. I presume that to get into the South Metropolitan district would be about four miles, taking St. Pancras as our point of delivery.

4953. Is that your nearest point?—I think it would be so.

4954. What would be the fair length of cartage to reckon for the South Metropolitan Company?—That would be 4 s. for four miles.

4955. But what would be a fair distance to suppose that they would have to cart for their district; would a mile be too much to say?—I do not know that I quite understand the question.

4956. There are people living in that district marked green, and you say that the South Metropolitan Company are better able to sell coke to them than you are?—Yes.

4957. But the South Metropolitan Company will either furnish it at their own offices, or they will cart it to the consumers; if they furnish it at their own offices, the consumers will pay somewhat less than they would pay if it were delivered at their door; about what, for the average of their district, will be the cartage that the South Metropolitan Company would have to undertake?—Mr. Livesey tells us in his evidence that he sells the whole of his coke to people who come to fetch it, and that he delivers out none; implying that he has no more than the district wants, and then people come to fetch.

4958. Am I to understand that if you went into competition with the South Metropolitan Company you could not get more from the consumers if you supplied them at their places of business, instead of their having to get the coke at the South Metropolitan Works?—Yes, that is so.

4959. How much more would you get?—We should get no more than the South Metropolitan Company are selling it at now. If we sent our coke down there we could not get more than they are selling at; and that would only bring us the price that we are now selling at, at our own works.

4960. Surely there would be also the advantage to the consumer of supplying it to him at his place of business?—Perhaps I am thinking rather of what we do than of the proposition that you put to me.

4961. I do not in the slightest degree doubt what you are doing. I only want to know why you cannot enter into a more active competition with the South Metropolitan and other districts, and what would be the disadvantages under which you would have to conduct that competition?—To enable one to get into the South Metropolitan district to compete with them, I should incur a cartage expense which would bring my price up to the South Metropolitan price, and then I could not compete with them in that way.

4962. You say that it would cost you on an average 4 s. per chaldron to supply the consumers in that large district marked green?—Certainly; at least 4 s.

4963. What would it cost the South Metropolitan Company to supply those same consumers?—One shilling I presume.

4964. Mr. *Brassey*.] The difference of the cost of delivery between yourselves and the South Metropolitan Company, supposing that your consumers were in the South Metropolitan district, would be a difference of 3 s., would it not?—Yes.

4965. What is the actual difference in the price that you get?—I think that it runs from about 3 s. to 4 s.

4966. So that it is really represented by the difference in the cost of delivery?—It is; we advertise with a view of getting customers to allow us to deliver coke, and, of course; we get to the furthest district, and compete with everybody;

body ; but in the end it would only deprive the South Metropolitan Company of so much coke which they have to sell and add to the difficulties.

Mr. H. Chubb.

16 June 1875.

4967. *Chairman.*] I suppose that you are not only competing with the South Metropolitan Company, but that you do not depend upon the immediate neighbourhood of your works, but you try to get coke connections all through the metropolis?—Everywhere.

4968. Turning to another point, and taking your accounts for the half year ending the 31st of December 1873, I want to get a little information about the loan capital. What are those bonds for profits capitalised which get 10 per cent. interest?—I think it was in 1854 that the company proved to Parliament that they had expended a large sum of money out of their profits in lieu of raising so much capital, and they were allowed on that occasion to capitalise so much of that, and to pay upon it 13,000 *l.* per year, either as share capital or as part of the bond debt, and it was done in the way of bonds.

4969. That being a bond debt, is that 10 per cent. a preference charged over the dividend?—Yes, it is a mortgage.

4970. I will not go into the next sum, which is only 43,000 *l.*, but there is a further sum of 243,750 *l.* that is all borrowed under two Acts ; will you state the years of those Acts?—1866 and 1869.

4971. Is there any power of turning those loans into shares at all?—I think that there is a clause which says it shall not be done.

4972. There still remains 81,250 *l.* to be issued?—At that time ; that has been all raised since.

4973. Then you have no further power of raising any more money?—No more power. There is only at the present moment a balance of 5 *l.* per share upon the last issue of shares, amounting to 130,000 *l.*, to be called ; but I understand your question to refer to loans.

4974. When was the last time at which you issued fresh shares?—In 1873.

4975. How many shares did you issue then?—We issued one-third of 975,000 *l.*

4976. That is rather more than 300,000 *l.*?—£. 325,000.

4977. When you issued those shares what *pro rata* per-centage of fresh capital did it give to every owner of the original 100 *l.* capital?—I think that every holder of 66 *l.* stock or shares was entitled to one new share of the new capital to be issued.

4978. Do you know whether the first announcement, or the first belief that those new shares were going to be issued, had any effect upon the market price of your old shares?—It had no effect upon the market price of the old shares, I believe, at all.

4979. Mr. *Brassey.*] Would it not have made the existing stockholders or shareholders more reluctant to part with their stock at that time than they otherwise would have been?—I do not remember that it caused any rise in their shares. I certainly, for myself, would have held on until I had got a new allotment ; but I do not think I observed any increase in the price of the old shares. I do not remember observing any noticeable increase in their value in consequence of their issue.

4980. You are coming before the public now for a considerable increase of capital, are you not?—Yes.

4981. How much?—£1,300,000.

4982. We have not the Bill before us yet, and therefore it is impossible for us to give an opinion with regard to that, but supposing that that was issued in the same way as previous capital has been issued, at 7 per cent., it would give a very considerable allotment of shares to the present shareholders, would it not?—Yes, the scheme proposes to raise them in sections.

4983. Do you not imagine that the passing of such a Bill, securing that power of allotment, would raise the price of your shares?—I do not think that it would perceptibly ; 7 per cent. is no great boon to gas people ; they sell now sometimes only at about 6 per cent.

4984. Do you mean to say that the gas companies' shareholders are in that prosperous state that it is not a boon to them to have a tolerable security of 7 per cent. for what they have got to invest?—That is not quite the way in which I look at it ; but the way in which we issue them does not give any immediate value

Mr. H. Chubb.
16 June 1875

to the shares, they are called up over a series of years ; and until the entire payment of the call, the advantage of course is not so great. In the first issue with 5 *l.* only paid or 2 *l.* 10 *s.* paid (for we only call as we want it), the advantage is only upon that small amount ; and until the whole 12 *l.* 10 *s.* is paid up, of course, the full advantage is not obtained.

4985. Then I am to understand that it would make no real perceptible difference to the present shareholders whether they did or did not get the power of having fresh shares allotted to them at 7 per cent. ?—It is not indicated in the price of the shares of the existing capital.

4986. Mr. *Bristowe.*] Are they all taken up ?—They are now ; in the first instance they were not, that was in 1866-67,

4987. *Chairman.*] That was during the panic time ?—Yes, I believe that affected it a good deal ; they hung on hand, and there was no getting them out at all ; it was not until the end of the year 1867 that they were taken up. One year and three months elapsed before they were taken up.

4988. In buying your coal do you buy from the agents in London, or do you buy direct from the large collieries ?—We buy direct from the colliery ; we find that that is the way of getting the coals in the cheapest way ; there is otherwise always a commission intervening. We find that the coalowner is a more substantial man, and we deal direct with him and generally with those who have collieries of their own, and we can rely upon their punctually delivering the coal according to contract.

4989. Mr. *Bristowe.*] You said just now that you must have your plant and stock arranged for the most extreme demand that may be made upon you, and therefore a great part of your plant is, in fact, not producing a profit ?—That is so ; that is common to all gas companies.

4990. Is it not common to everything else ; is there any specialty about a gas company in that respect ?—I do not think that a railway company, for instance, has its plant out of use to the extent that a gas company would. Of course, there are periods of the year during which a railway company is more busy than at other periods, and during those other periods their plant is idle.

4991. So in a manufactory, where the chief production is summer goods ; I suppose I am right in understanding you to say that the principle applies everywhere, but that it applies more especially to gas companies ?—I think it applies to them in a larger proportion than to any other business.

4992. What is the minimum ?—Three hundred and thirty tons in summer, and it has been already stated in evidence that it is 2,300 in winter.

4993. Mr. *Brassey.*] With reference to the answer which you gave to the *Chairman*, would you not admit that the shares of the gas companies are, at present quotations, depreciated below the price which a practically fixed dividend of 10 per cent. ought to give ?—Yes, if it was a fixed dividend without these questions arising, they are worth more in the market than they at present fetch.

4994. So that the consumer is at present in this unhappy position ; that he practically has to pay 10 per cent. or to guarantee 10 per cent. upon the capital that you raise, whereas from the insecurity of the guarantee you are not able to raise capital so advantageously as you otherwise might, and to give that benefit to the consumer ?—That is so.

4995. You said something about surplus land ; have you any quantity of surplus land ?—The land at Bromley is in excess of the present want, but it will be wanted in the future. It is not available for sale.

4996. How much capital does that surplus land represent ?—We have laid out thereabout 70,000 *l.* or 80,000 *l.* in land I think. If we bought only such portion of this land as is wanted at present, it would certainly increase the value of the land around it, and by-and-bye we might not be able to get land except at a much higher price. Therefore it seems the best policy to secure it at the present time, and that course has been adopted.

4997. Looking back upon the history of your company by the light of that wisdom which comes after the event, do you think that you have exercised the same care and economy in the management of your capital account that you have in other branches of your administration ?—I can point to nothing that I think has been a mistake in any way.

4998. You

4998. You do not think that there has been extravagance in the rates at which the capital has been raised?—By no means. I think it has always been laid out with care and economy and judiciously done.

Mr. H. Chubb.

16 June 1875.

4999. That is one aspect of the question; but with reference to the other aspect of the question as to the rate of interest which you offer to the capitalist, what do you say?—I think in the first instance that the company could not have raised it at a lower maximum than the 10 per cent. Commencing the undertaking again and starting with new works, with all the risks that are incurred with new works, and in introducing a new manufacture, you could not have raised that money unless 10 per cent. had been the prescribed dividend.

5000. But now that the companies enjoy the advantages of monopoly and of a high guarantee of interest upon a large portion of their stock, do not you think that a greater proportion might have been raised at easier rates of interest by the issue of debenture stock, or by the issue of preferential stock?—A preference stock undoubtedly could have been raised at a lower rate, but it would have been to the injury of the capital which had been raised previously, if a preference had been put before it; but I think that now new capital could be raised at a much lower rate.

5001. *Chairman.*] But supposing that there was no limitation at all as to the quantity of money which you could borrow, could you not get all the money that you would now wish to use at 4 per cent., instead of raising it by fresh capital?—I doubt whether we could get it at 4 per cent., but we could at 4½ or 5 per cent., undoubtedly, if we had the power to borrow, instead of raising it by shares.

5002. *Mr. Brassey.*] You said, in answer to an earlier question, that it would afford you great satisfaction to work in this matter in concert with the Metropolitan Board of Works, and to avail yourselves, so far as you might, of their credit and financial position; do you see any practical difficulty in carrying out such an idea, supposing that it were adopted?—It is scarcely practicable, I think. They have to borrow their money.

5003. At what rate?—They can borrow it probably at 3½ per cent.

5004. If you had that collateral guarantee, you could do the same thing, I suppose?—Yes. All that the company care to do now, the capital being expended, and the old shareholders having paid their money, is to raise new capital at the lowest possible point.

5005. *Chairman.*] You really think that the directors do not think it at all of importance to issue to their present shareholders fresh capital at 7 per cent.?—No; they issue it at any price at which it can be floated. I was about to say, provided it was not in any way put before their old capital as a preference or as a bond debt, but any amount at which the shares can be floated.

5006. Then, in fact, you feel quite confident that what has been termed the good will of the concern is not valued by the shareholders in the shape of hoping to get further allotments of 7 per cent. capital?—They would be but too delighted to get it, no doubt.

5007. You have just told me that it would not make the slightest difference in the price of the shares, have you not?—But they would give it up.

5008. But I can hardly reconcile those two statements; I understood you to say that you did not think it would make any difference whatever to the price of the present shares, whether they got a fresh issue of 7 per cent. capital or not?—I thought I qualified it by saying that I could not detect it in the price of the shares; but undoubtedly it is a boon to the shareholders to get a 7 per cent. allotment.

5009. If it is a boon to the shareholders to get a 7 per cent. allotment, you surely would be able to detect it in the price?—I have never been able to do so.

5010. *Mr. Brassey.*] It sometimes occurs, does it not, that there is a quotation at a certain rate, and yet that there are no sellers at that price?—The shares are affected by other circumstances than that, and it is difficult to trace the exact increase of price at any time to that particular transaction.

5011. You would discover the effect of such an anticipation as has been referred

Mr. H. Chubb.
16 June 1875.

ferred to if you went into the market as a buyer and found yourself unable to buy the shares at the nominal quotation?—Probably so.

5012. *Chairman.*] I know nothing about the actual price of your shares, but I gather from what I have seen the last day or two that there is a very considerable difference on the Stock Exchange between the buying and the selling price?—Yes, there is.

5013. Do you know how much it is?—I scarcely know, but there is a difference.

5014. Mr. *Brassey.*] The quotation might go up very considerably if there is a considerable increase in the demand?—The death of a large shareholder might throw many shares on the market, and there are many other reasons which might affect it.

5015. Mr. *Bristowe.*] Ever since you have been connected with the company the idea has been that this reserve fund is merely applicable to meet contingent deficiencies in dividends, is it not?—That is so as regards the reserve fund.

Mr. Thomas Nesham Kirkham, sworn; Examined by Mr. Richards.

Mr.
T. N. Kirkham.

5016. ARE you Engineer in Chief to the Imperial Gas Company?—I am.

5017. Have you been with that company for some 30 years?—I have.

5018. Your father, I believe, was engineer before?—He was.

5019. And you have been brought up from your early youth familiar with gas manufacture?—Yes.

5020. And you have had as much experience even as Mr. Livesey has had, I believe?—I believe so.

5021. With the disadvantage of having lived a few years more?—Yes.

5022. Is it your duty to take the entire control of the working establishments of the company?—It is.

5023. Have you at each of the separate stations a resident engineer subordinate to yourself?—Yes.

5024. Do you control all the details of the manufacture of gas?—I do.

5025. Such as the storing of the coals, the distillation of the gas from the coal, the purification of the gas, the constant testing of the quality of the gas, the storing of the gas for its delivery, and the constant repair of the works from time to time?—Yes.

5026. For each of those separate operations have you the selection of the persons whom you think fit, necessary, and proper for those several departments?—Yes.

5027. You have the entire control of the labour department?—I have.

5028. And you are practically never interfered with by the directors in that respect?—That is so.

5029. With regard to the extension of works which may be necessary from time to time, is that under your control?—It is.

5030. You discuss the matter with the directors?—Yes, I report to them from time to time what is required to carry on the business of the company.

5031. Each of the stations or establishments has a distinct set of accounts of its working kept, has it not?—Yes.

5032. Are those accounts brought together and compared week by week?—They are in every department.

5033. A director who has bestowed his attention on that particular branch for a length of time takes it in hand and thoroughly analyses the accounts, does he not?—He does.

5034. And if anything is discovered which attracts his attention, do you investigate the matter, and does he consult you and ascertain whether there is or is not just and good cause for what he has observed?—That is so; he does.

5035. I will ask you generally, having had this very large experience in the manufacture of gas and having this control, whether you believe that there is any branch of the manufacturing establishment which is not conducted with due

due care and management?—I do not believe that there is any department but what is conducted with proper care and management; I think our accounts will show that according to Mr. Field's books.

5036. You are alluding to Mr. Field's analyses?—Yes.

5037. One manufacturing station acts constantly as a check upon another?—Yes.

5038. Then again, when you come to get the accounts of the other companies half yearly, do you then investigate them and compare them with the Imperial?—We do.

5039. With regard to improvements in the manufacture of gas which have been talked so glibly about, has there been a great improvement in the manufacture of gas of any sort or description which you have not immediately adopted?—No.

5040. But all alterations in gas manufacture are not improvements?—No, by no means.

5041. There are a good many quack doctors in the trade. With regard to the wages, are you particular in discharging men as soon as you are able to let down a bed of retorts, and reduce the staff?—Yes, we are obliged to watch that very narrowly.

5042. And of course you have at times the difficulty that all large manufacturers have in regard to strikes and Christmas times, and things of that sort?—Yes. We experienced so great a difficulty at one of our stations that the company were obliged a few years back to erect cottages of their own, in order to keep the men in the neighbourhood.

5043. That was near Fulham, where there was great dearth of accommodation for men of that class?—Yes.

5044. The Right Honourable Chairman asked some question as to the coke sales per ton of coal; you have prepared, have you not, from 1867 to 1874 inclusive, an account of the coke sales per ton of coal at the several different stations of the Imperial Company?—Yes; I have taken it out of the books.

5045. That is per ton of coal?—Yes.

5046. Not per chaldron?—No.

5047. The Right Honourable Chairman asked for it per ton of coal, I believe, but in order to put it into chaldrons in round numbers you must multiply by three and divide by two, must you not?—Yes.

5048. That is to say that in 1867 at Saint Pancras, per ton of coal 7 s. 1 d., if you multiply that by 3, it is 21 s. 3 d., and dividing by 2 you get 10 s. 7½ d.; that is the process of doing it?—Yes, those are the several stations of the Company.

5049. You would have the total in the accounts?—Yes.

5050. I am not going to take you over all the ground which has been already traversed by Mr. Chubb with regard to the detail of management; but there is one question to which I wish to call your attention, and that is the visit paid by the Commissioners at the time of the revision to the works at Bromley. You accompanied them, I believe?—I did.

5051. I understand that my learned friend, Mr. Cripps, was there also?—He was.

5052. Did Mr. Anderson also accompany them?—He did upon one occasion.

5053. Did the Commissioners from time to time ask you such questions as to them seemed good upon all sorts of subjects connected with the works?—Yes.

5054. And did you answer every question that they asked you?—I did.

5055. I believe a question was raised as to the bridge?—Yes.

5056. The bridge is a bridge which passes over the River Lea and Bow Creek, which at that point lie side by side?—Yes.

5057. It is necessarily, therefore, a longish bridge?—It is.

5058. Is the bridge absolutely necessary in order to convey the large leading mains from the Bromley works into the metropolis?—It is.

5059. Those had to be conveyed in large rectangular mains of wrought iron, and rivetted?—Yes, on either side of the bridge.

5060. Did you consider that the safest and proper way was to occupy the trottoir and the trottoir only with those mains, in order that no traffic might pass over them?—Yes.

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Mr.
T. N. Kitchin.
16 June, 1895.

5061. In your judgment, would it have been safe if any traffic had passed over them?—Very unsafe.

5062. Therefore, the trottoir was formed over those large leading mains?—Yes.

5063. In short, a sort of hollow leading girder going across?—Yes.

5064. What was the breadth and depth of the rectangular mains?—As far as my recollection serves me, they were 7 ft. by 3 ft. 6 in.

5065. It was the capacity of a 48-inch main, or rather more, was it not?—It was in excess of that.

5066. Your leading mains when you get over the water are 48-inch mains, are they not?—They are.

5067. And you contemplate the time when the works being developed you may have to lay down another 48-inch main?—Yes.

5068. In constructing the bridge, therefore, did you make your rectangular mains of such dimensions as would be sufficient to feed your large leading mains hereafter when laid down?—Yes.

5069. Did you consider that a right, proper, and economical thing to do?—Decidedly.

5070. Supposing that you had put up a bridge on a smaller scale, would not the cost of pulling that bridge down or making the alteration in it have been greater than the cost which you have incurred?—Yes.

5071. The bridge is made sufficiently wide to enable the coke traffic to cross backwards and forwards and two carts to pass at a time?—Yes.

5072. That bridge, I believe, was talked about by one of the Commissioners?—It was.

5073. Did you give him an explanation which, so far as you could judge, appeared to him satisfactory?—Yes.

5074. That bridge goes over the River Lea and Bow Creek?—Yes.

5075. Both being navigable waters?—Yes.

5076. Under those circumstances did the directors consider it desirable that the bridge should be erected by a regular bridge engineer?—Yes.

5077. Mr. Peter Barlow?—Yes.

5078. So that every possible precaution of construction for the non-interference with the navigation was taken; it was constructed by a gentleman well skilled in that particular kind of construction?—Yes.

5079. Was there any other point to which your attention was called as involving expenditure which seemed to require explanation?—No.

5080. Did one of the Commissioners mention a clock tower?—There was a remark made about a clock tower certainly.

5081. The clock tower is a square erection at the centre of a block of buildings, is it not?—It is.

5082. Not a tower raised independently of itself, but upon a building?—It is raised through the centre of the building.

5083. But it is attached to a building; it is not a campanile of itself?—No.

5084. What do you consider was the expense of that clock tower; the bit that is added in order to carry the clock?—It might have been about 600*l*.

5085. Do you draw your retorts at fixed intervals?—We do.

5086. And do you draw your several beds of retorts at fixed intervals, one after another?—Yes.

5087. Is a striking clock essential to the conduct of a gasworks?—It is.

5088. Particularly of a large gasworks?—Yes.

5089. Therefore do you consider that in putting up that clock you were doing that which is essentially necessary for the works?—Quite necessary.

5090. You do not know any work without a good clock, a clock that the men can hear strike plainly?—No.

5091. You have made a dock, have you not?—Yes.

5092. And that dock is large enough to meet the requirements of the station when the station is developed to the full?—The dock will answer for something like 20,000,000 cubic feet.

Mr.
T. W. Kirkham.
16 June 1876.

5093. Do you consider that you exercised a wise and judicious economy in making that dock large in the first instance rather than in making it small in the first instance, and excavating from time to time as your manufacture increases?—Undoubtedly.

5094. That was a point well considered?—It was.

5095. The difficulty and danger of making it, particularly in that broken ground, piecemeal, would have been very great, would it not?—Yes.

5096. You have erected one retort-house capable of producing 5,000,000 cubic feet?—Yes.

5097. Are you in the course of erecting another retort-house capable of producing 5,000,000?—Yes.

5098. And there will be room on the opposite side of the dock for a third and fourth retort-house, each capable of producing 5,000,000?—Yes.

5099. Your purifying apparatus and exhausting apparatus are at present only sufficient for the retort-houses actually existing?—No.

5100. And as manufacture increases you will have to add those when you have to add your retort-houses?—Yes.

5101. I will not go into the future; that is a matter which will arise upon the Imperial Bill. With regard to the price of labour and material in 1872, you found, as I suppose everybody else did, that it rose very greatly?—Yes.

5102. Looking at the manufacture returns, we see a very considerable rise in the cost in 1872?—Yes; it was something like 15 per cent. over the whole.

5103. Have you ever since the price of labour rose been able to effect anything like a reduction?—No.

5104. Do you anticipate the possibility of doing so?—It will never come down again, as far as the labour on coals go.

5105. What should you put down roughly as the per-centage of rise?—It was about 15 per cent. over the whole in labour; in material, the iron work was something like 30 per cent.; however that is coming down again now.

5106. *Chairman.*] During this rise in the price of labour, which you say has gone on from year to year, have you been unable to devise any way of saving labour?—We devise every means of saving it as far as we can.

5107. I suppose that has to some extent diminished the loss consequent upon the rise in wages?—As to the particular labour in stoking, there has been no means found yet of employing mechanical means for doing that work, but experiments have been and are now being tried with that object.

5108. *Mr. Richards.*] Some years ago a machine was invented called the "Steam Stoker," I think?—Yes.

5109. Did you take much interest in that machine?—I did.

5110. And you investigated it very thoroughly?—I did.

5111. And you were very anxious to try it at the Imperial works?—Yes.

5112. But in point of fact that "Steam Stoker" came to nothing, I think?—It did.

5113. Our friends, the Chartered Company, actually did put it into operation, I think?—They did.

5114. But I believe they have since abandoned it?—Yes.

5115. The great feature in your labour, I presume, is the retort work, the stoking?—It is.

5116. And from that up to the present time you have never been able to find any mechanical substitute?—No.

5117. *Mr. Brassey.*] Has there been any rise in wages since 1870; were the wages higher in 1873 than they were in 1870?—Yes, we had a great rise in 1871 and in 1872.

5118. There was a statement made by a witness yesterday, which I dare say you may have seen, of the working expenses of the several metropolitan companies, including the Imperial Company; and I observe that the working expenses of the Imperial Company, per 1,000 feet of gas sold, are stated to have been in 1870, 1 s. 3 d. 74; and in 1873, 1 s. 3 d. 91; so that it would appear, would it not, from that statement that you have been able to counteract the tendency to an increase in the cost of production from the rise of wages by other means?—

We employed other means.

Mr.
T. N. Kirkham.
26 June 1875.

5119. By a more economical use of the labour?—Yes, we are obliged to do that from time to time.

5120. Mr. *Richards*.] You remember the stokers' strike, which created some sensation; that I think was in the winter of 1871-72?—The winter of 1872-73.

5121. Shortly before that there had been a rise in wages, had there not?—Yes, it was on the 3rd October, I think.

[*The following Paper was delivered in :—*]

NOTICE.

The Directors of the Imperial Gas Company have well considered the applications of the men employed in the retort houses at their several works for an increase of wages.

The Directors have resolved to give the men at all their works the following increased scale of pay (to commence on and after Saturday next, the 11th instant); but with the distinct understanding that the monthly holiday hitherto allowed shall henceforth cease, and that in future a man shall be paid only for the days on which he works.

NEW SCALE OF PAY.

		Old Rate.						
		s.	d.	s.	d.	£.	s.	d.
Scoopmen	- -	5	-	5	6	For a day of twelve hours.		or 1 18 6
Stokers and firemen		4	8	5	2			or 1 16 2
Coke-holemen	-	3	10	4	3			or 1 9 9
						For a week of seven days.		

At Fulham Station, where the work done by the above classes of men has been somewhat less than that at the other stations, and the pay has also been less; the pay being now raised to the same rate as at the other stations, the work also must be increased, so that the men at each station may be placed on the same footing.

The pay for a Sunday, when employed on that day, is to be the same as on week days.

33, John-street, Bedford-row,
8 November 1871.

HARRY CHUBB, Secretary.

5122. Up to that time it had been the habit, had it not, to give the men a holiday once a month, paying them their wages as if they had worked, and that was found not to answer very well?—Yes.

5123. Then comes a new scale of pay, which is an increase, but from that there is a further increase in October 1872?—Yes.

[*The following Paper was delivered in :—*]

IMPERIAL GAS COMPANY.

Mr.
T. N. Kirkham.

16 June 1875.

The Directors hereby give notice that the following will be the new scale of wages at the company's works after Saturday (to-morrow) the 19th instant :—

For 12 hours' work, either by day or by night, except on Sundays, between 6 a.m. and 6 p.m. :—

		Previous Rates.	Rates previous to 1871.
	s. d.	s. d.	s. d.
Scoopmen - - - - -	5 11	5 6	5 -
Stokers - - - - -	5 6½	5 2	4 8
Coke-hole men - - - - -	4 7	4 3	3 10
Coal stagers - - - - -	4 4	3 9	3 6

On Sundays between 6 a.m. and 6 p.m., the pay to be one day and a half at the above scale for the 12 hours, or at that rate for any portion of the day the men may be employed.

By Order,

33, John-street, Bedford-row,
18 October 1872.

HARRY CHUBB, Secretary.

5124. Mr. *Brassey*.] There is a great advance in the rate of wages, and Table No. 1 put in by the witness yesterday shows that there has been no increase in the working expenses per 1,000 feet of gas sold. It shows how the administrative genius of Mr. Kirkham has met the difficulty arising from the rise of wages?—We are obliged to look after that very sharply.

5125. Mr. *Richards*.] You take some credit to yourself for what is called due care in the management under those circumstances?—I do.

Cross-examined by Mr. *Cripps*.

5126. Of course you are aware, like everybody else, that the mere fact of paying higher wages to an individual need not necessarily raise the cost of labour in detail; you may pay higher wages and get more work?—You may do so, but there is great difficulty in doing it now-a-days.

5127. I ask you that for this reason, because I cannot explain this in any other way. You seem to have given notice of an increase of wages, and yet, according to the Table put in by the Imperial Company, the wages per 1,000 cubic feet of gas sold have practically increased by a mere trifling amount from 1869 downwards?—Yes, it is so.

5128. Therefore at the present time the cost of gas is very materially increased (I will not say what amount, because it is something under a penny) by this labour question?—We have adopted means to meet it; it is referring to due care and management.

5129. I am not disposed to find fault with you in that respect; can you tell me what is the amount of capital expended up to this time at Bromley?—Something over 800,000*l*.

5130. At the present time, what is the make of gas there in thousand feet?—At the present moment it is about 1,750,000; we have made 5,500,000 there.

5131. What is the average make of the year there?—You must take the greatest make.

5132. Can you tell me the average make; I want it for another purpose?—It would be the difference between 500 and 170 tons.

5133. According to what you ordinarily take, and to what your books would show, the amount of capital expended in proportion to the thousand feet of gas consumed, would allow for a very much larger production at Bromley than exists at present, would it not?—There is no doubt of it. The Bromley works are set out for that purpose.

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5134. That

Mr.
T. N. Kirkham.
16 June 1875.

5134. That is to say testing the capital expenditure there, against the gas made there, the latter is not yet by a large amount what it ought to be in proportion to the capital?—No, certainly not.

5135. And therefore, for that capital expended and all the charges included in that, you ought to be able to make a very much increased quantity of gas there with that same plant?—Not with the whole of that plant.

5136. In proportion to the amount which has been expended?—Not in proportion to the amount which has been expended. The amount expended upon apparatus in the shape of retort houses, &c., is equal at present to 5,000,000 l.

5137. The first thing which Mr. Field's book shows us on page 1, is the amount of capital expended and employed per ton of coal consumed, and per thousand feet of gas made. That of course is a certain relation of capital to cubic feet of gas produced?—Yes.

5138. Is not the amount already expended at Bromley much too large if only the amount of cubic feet that is made now continued to be made at Bromley?—Undoubtedly it is too large, taking the whole capital.

5139. With regard to this visit of the Commissioners which has been put to you so much, you were there at the time?—Yes.

5140. Did you not have a good laugh after we were all gone away about the imbecility of four laymen going over to look at gasworks for the first time?—I do not know that I did. There was no one there to laugh with me I think; I was left alone.

5141. But the Commissioners did their best to get about the works and see what was going on, did they not?—They did.

5142. Saving a very great difficulty in getting one of them up into the tower?—I do not think that there was any attempt made to get up the tower. I do not think that it was possible, at that time, to get up the tower; it was not finished.

5143. But you do not put it that three or four people, without any experience of gasworks, could go over a large place like Bromley and make up their minds whether there was any unnecessary expenditure or not?—They made many inquiries.

5144. Mr. Brassey.] Were they accompanied by a professional adviser?—Yes, by Mr. Anderson.

Re-examined by Mr. Richards.

5145. You were there on behalf of one party and Mr. Anderson on behalf of the other?—I was merely there to answer questions. Their adviser was Mr. Anderson.

5146. Mr. Anderson was there for the Metropolitan Board of Works?—Yes.

5147. And you on behalf of the company?—Yes.

5148. I dare say you both did your best to explain these matters to the Commissioners?—Yes.

5149. My learned friend, Mr. Cripps, does not seem to have understood much of the explanation; but have you any reason to doubt that the Commissioners understood your explanation?—I believe that they did.

5150-51. Dr. Odling is the highest authority in matters of purification that you can get, is he not?—Yes, he is well up in that.

Thursday, 17th June 1875.

MEMBERS PRESENT:

Mr. Birley.
Mr. Thomas Brassey.

Mr. Bristowe.
Mr. John G. Talbot.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

Mr. Edward Horner, sworn; Examined by Mr. Richards.

5152. You have been, I believe, a Director of the Phoenix Gas Company for some 25 years?—I have. Mr. E. Horner.
17 June 1875.

5153. You have been Deputy Chairman for 14 years and Chairman for seven years?—Yes.

5154. That is out of the 25 years?—Yes.

5155. The Phoenix Gas Company is one of the companies now remaining under the Act of 1860?—It is.

5156. And also a company which has no Bill before Parliament?—None.

5157. Therefore it is one of those companies which come within the terms of Mr. Cardwell's axiom, that no company shall have the terms upon which its capital has been raised altered without its consent, in the absence of any competing Bill before Parliament?—Yes.

5158. In appearing here, you protest as much as is within your power against your company being affected by any Bill, inasmuch as you have no Bill yourselves before Parliament?—I do.

5159. You object, I believe, to the sliding scale proposed in the present Bill?—Most certainly..

5160. You conceive that the Act of 1860, under which your company has been carried on for the last 15 years, has operated well, not only for the company, but also for the consumers?—I do.

5161. Have you found any complaints prevalent in your district during the 15 years?—Very few indeed.

5162. Of course no company can be absolutely free from complaints, but you believe that you have given general satisfaction to your consumers?—Complaints are very rare..

5163. The dividend you pay is, I think, 10 per cent. upon the old capital?—Yes.

5164. What is the amount of the old capital?—£. 540,000.

5165. And 7½ per cent. upon the 360,000 l.?—Yes.

5166. That 7½ per cent. being raised, I think, in the year 1864?—It was authorised in 1864.

5167. And at that time you received permission to capitalise at 5 per cent. a certain amount of profits which had been expended on plant?—Yes.

5168. What amount was it?—£. 144,000.

5169. Upon the occasion of that inquiry in 1864, were you opposed by the Metropolitan Board of Works?—I cannot answer the question, for I was not chairman then.

5170. You were not at that time chairman, and cannot answer the question?—No.

5171. I have the evidence before me—

5172. You do not know that the Metropolitan Board did appear against that Bill?—No, I do not.

5173. You stated that you object to an up and down sliding scale; what is
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Mr. *E. Horner*.
17 June 1875.

your objection to it?—I think the first and the principal objection is, that it proposes an absolute breach of the contract which Parliament has made with us.

5174. That is under the Act of 1860?—Yes, in 1860 we were authorised to receive 10 per cent. dividend upon the capital, and that Act has been confirmed by our Act of 1864, in which the same power was still given to us.

5175. *Chairman.*] Is there any alteration whatever as regards your dividend in the Act of 1864 as compared with the Act of 1860?—

Mr. *Richards.*] The capital raised under the Act of 1864 was reduced to 7½ per cent.

5176. *Chairman.*] Is there any alteration whatever in your Act of 1864 as compared with your Act of 1860, as regards the position of your dividend?—None whatever, except as far as the new capital was concerned.

5177. Mr. *Richards.*] There was a limitation of the rate of interest upon the new capital; that is the only alteration?—Yes.

5178. *Chairman.*] What is the clause in the Act of 1860 which you consider would be broken by the sliding scale?—I have really not looked through the Act for it; I conclude that the Gasworks Clauses Act of 1847 must have been incorporated with that Act.

5179. Mr. *Richards.*] Clause 2 embodies the Gasworks Clauses Act of 1847?—Yes, it does.

5180. If I turn to the 40th section of the Act of 1860, I find this: "No company shall advance the price of gas above the rate taken by such company on the 1st day of January 1860, whenever such rate is at or above 4 s. 6 d. per one thousand cubic feet, unless there has been such increase in the cost of gas or any other circumstances affecting the company as will warrant such advance. Provided always, that before raising the gas rate in any district the gas company supplying such district shall give notice of their intention to the local authorities of the district, and in some newspaper circulating in the district for two consecutive weeks at least one month before such alteration in the gas rate shall be made; and in case any local authority shall, within such month, dissent from such alteration, it shall be determined by arbitration in the manner hereinbefore mentioned, whether such alteration shall be allowed." Turning to the 40th section of the Metropolis Gas Act they limit the price which you can charge to 4 s. 6 d.?—Yes.

5181. And that sum you can charge without consulting anybody, should you find it necessary to do so?—Yes.

5182. If you find that there has been an increase in the cost of gas on any other circumstances affecting the company warranting such an advance, you can make an advance above 4 s. 6 d. up to 5 s. 6 d., subject to the local authority or other persons dissenting and pursuing the course pointed out in Clause 40?—Yes.

5183. Do you consider a Bill which starts with an initial 3 s. 9 d. price, and a proposed sliding up and down scale, a departure from the bargain which gives you the liberty of charging 4 s. 6 d. and 5 s. 6 d., under certain contingencies?—I do, most certainly.

5184. With regard to the rate per cent., you say you incorporate the Gas Clauses Act of 1847?—I believe so.

5185. The Gas Clauses Act of 1847, in the absence of any prescribed rate, means the rate per cent. under the 30th clause; 10 per cent.?—Yes.

5186. Clause 30 of the Gasworks Clauses Act, 1847, which is 10 & 11 Vict. c. 15, provides that "The profits of the undertaking to be divided amongst the undertakers in any year shall not exceed the prescribed rate, or where no rate is prescribed they shall not exceed the rate of 10 l. in the hundred by the year on the paid-up capital in the undertaking, which in such case shall be deemed the prescribed rate unless a larger dividend be at any time necessary to make up the deficiency of any previous dividend which shall have fallen short of the said half-yearly rate"?—Yes.

5187. Under Section 30 of the Gasworks Clauses Act you can, upon your original capital, take 10 per cent.?—We can.

5188. The

5188. The Act of 1864 limited the prescribed rate as to capital raised under that Act to $7\frac{1}{2}$ per cent. ?—Yes.

Mr. E. Horner.

17 June 1875.

Chairman.] Where is the 10 per cent. ?

Mr. Richards.] In Section 30 of the Gasworks Clauses Act ; “ they shall not exceed the rate of 10 l. in the hundred.”

Chairman.] Where is the provision by which their prescribed rate is 10 per cent. ?

Mr. Richards.] In their special Act.

Chairman.] We have not got that Act yet.

5189. Mr. Richards.] If the special Act provides no rate, then the Act of 1847 makes the prescribed rate 10 per cent. We have not a copy of the original Act here, but I may answer you that there is no prescribed rate. (To the Witness.) In your original Act, was there any prescribed rate of dividend ?—I believe in the original Act there was no limit to the dividend, and we gave up that privilege for the bargain of 1860.

5190. You know that under the Act of 1847 the prescribed rate, in the absence of any specially prescribed rate, is 10 per cent. ?—It is.

5191. And by the incorporation of the Act of 1847, upon your old capital, you may take 10 per cent. ?—Yes, that is so.

5192. Under your Act of 1864 you are limited to taking 7 per cent. ?—Yes.

5193. And under the Act of 1860 you are not entitled to charge more than 4 s. 6 d., except under certain circumstances, and that subject to certain objections, which I have already read ?—Yes.

5194. And then you may go up to 5 s. 6 d. ?—Yes.

5195. When you have earned and have distributed the 10 per cent. upon your old stock, and the $7\frac{1}{2}$ per cent. upon your stock of 1864, and you still find that there is a balance of profit and loss remaining over, are you at liberty to create a reserve fund ?—We are.

5197. Let me call your attention to the Gasworks Clauses Act of 1847, which is now incorporated with yours. The Section 31 is as follows: “ If the clear profits of the undertaking in any year amount to a larger sum than is sufficient, after making up the deficiency in the dividends of any previous year as aforesaid, to make a dividend at the prescribed rate, the excess beyond the sum necessary for such purpose shall from time to time be invested in Government or other securities, and the dividends and interest arising from such securities shall also be invested in the same or like securities, in order that the same may accumulate at compound interest until the fund so formed amounts to the prescribed sum, or if no sum be prescribed, a sum equal to one-tenth of the nominal capital of the undertakers, which sum shall form a reserved fund to answer any deficiency which may at any time happen in the amount of divisible profits, or to meet any extraordinary claim, or demand which may at any time arise against the undertakers ; and if such fund be at any time reduced, it may thereafter be again restored to the said sum, and so from time to time as often as such reduction shall happen.” Section 32 is: “ Provided always, that no sum of money shall be taken from the said fund for the purpose of meeting any extraordinary claim unless it be first certified in England or Ireland by two justices, and in Scotland by the sheriff, that the sum so proposed to be taken is required for the purpose of meeting an extraordinary claim within the meaning of this or the special Act.” Section 33 is: “ When such fund shall by accumulation or otherwise amount to the prescribed sum, or one-tenth of the nominal capital of the company as the case may be, the interest and dividends thereon shall no longer be invested but shall be applied to any of the general purposes of the undertaking to which the profits thereof are applicable.”

5198. Mr. Brassey.] Would you have to carry this balance to the credit of the next year's account ?—When the balance was full.

5197. And in that next year you would have to reduce the price of gas ?—Yes.

5199. Mr. Richards.] Section 34, is: “ If in any year the profits of the undertaking divisible amongst the undertakers shall not amount to the prescribed

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Mr. E. Horner.

17 June 1875.

rate, such sum may be taken from the reserve fund as, with the actual divisible profits of such year, will enable the undertakers to make a dividend of the amount aforesaid, and so from time to time as often as the occasion shall require." Section 35 is: "In England or Ireland the court of quarter sessions, and in Scotland the sheriff, may on the petition of any two gas ratepayers within the limits of the special Act nominate and appoint some accountant or other competent person, not being a proprietor of any gasworks, to examine and ascertain at the expense of the undertakers (the amount of such expense to be determined by the said court of sheriff) the actual state and condition of the concerns of the undertakers, and to make report thereof to the said court at the then present or some following sessions, or to the sheriff; and the said court or sheriff may examine any witnesses upon oath touching the truth of the said accounts and the matters therein referred to; and if it thereupon appear to the said court or sheriff that the profits of the undertakers for the preceding year have exceeded the prescribed rate, the undertakers shall in case the whole of the said reserved fund has been and then remains invested as aforesaid, and in case dividends to the amount hereinbefore limited have been paid, make such a rateable reduction in the rate for gas to be furnished by them as in the judgment of the said court or sheriff shall be proper, but so as such rates when reduced shall ensure to the undertakers (regard being had to the amount of profit before received) a profit as near as may be to the prescribed rate." Now I think those clauses, 30 to 35, give you the scheme of the reserve fund, and the mode in which when the reserve fund is full it is to be dealt with?—Yes.

Mr. Bristowe.] On that section, it appears to me that that surplus can only be investigated by certain persons who are gas ratepayers.

Mr. Richards.] That is so. It must be somebody who as a gas ratepayer has an interest in the price of gas.

Mr. Bristowe.] And therefore they have to find out as best they can from the published accounts, whether or not the profits exceed the prescribed rate.

5200. Mr. Richards.] That is so. (To the Witness.) Under this Act, having divided the utmost that the law allowed you, and having a surplus over, you could carry that surplus to reserve fund?—Yes.

5201. When the reserve fund had reached 10 per cent. upon your authorised capital, if any surplus remained over, you were liable to this inquiry and might be called upon to make a reduction in the price of your gas?—Yes.

5202. And you had power out of the reserve fund of making up back dividends under this Act, for any number of years?—We had.

5203. From the very incorporation of the company?—We had.

5204. When the Act of 1860 was passed, the power of paying back dividends was limited, was it not, to the period of six years?—Yes, it was.

5205. And that is the limitation under which you are at present?—Yes, it is.

5206. Since 1860, whilst you have been under the joint operation of your private Acts, the Act of 1847 and the Act of 1860, have you made any reductions in the price of gas from the price prevailing, of 4 s. 6 d. in 1860?—We have.

5207. What is your present price?—Four shillings.

5208. And has it fluctuated at all between those two?—Yes.

5209. What were the steps of reduction?—In 1874, on the 1st of January, it was 4 s. 6 d., raised from 3 s. 9 d. to 4 s. 6 d.

5210. Have you been down as low as 3 s. 9 d.?—We were 3 s. 9 d. until the 1st of January 1874. We did not raise the price at all during the time that the other companies did.

5211. Chairman.] Were those reductions made by you without any application?—Entirely so.

5212. Mr. Brassey.] But still keeping up your dividend to 10 per cent.?—We did.

5213. Mr.

Mr. E. Horner.

17 June 1875.

5213. Mr. *Richards*.] I have here a list of the prices prior to 1860. I see you were charging 5 s. and 4 s. 6 d.?—I believe we were.

5214. Had you two prices; does that mark two different districts?—Yes; the country district and the London district.

5215. You have an outlying country district?—We have.

5216. In 1860 you appear to have been charging 4 s. 9 d. and 4 s. 3 d.?—Most probably we were.

5217. Mr. *Brassey*.] What were your dividends?

Mr. *Richards*.] In 1860 it was 8½ per cent.

Mr. *Brassey*.] Was that at the time the company were charging the high rates for gas?

5218. Mr. *Richards*.] The prices were 4 s. 9 d. and 4 s. 3 d. I do not know that they were higher in those days. (To the *Witness*.) The price of 4 s. 9 d. and 4 s. 3 d. was continued from 1860 down to 1865?—Yes, it was.

5219. I was wrong when I put to you from the 1st of January 1861; you were to charge 4 s. 6 d. The Act of 1860 limited you, did it not, to the price that you were actually charging on the 1st of January 1860?—It did.

5220. *Chairman*.] When did you begin as a company?—We were incorporated in 1820, but I believe the company commenced in 1816.

5221. Do you know what your average dividend was from the time of your forming up to 1847?—No, I do not.

5222. Mr. *Richards*.] We will get that information if you desire it. (To the *Witness*.) In 1865 you reduced the prices of 4 s. 9 d. and 4 s. 3 d. to 4 s. 3 d. and 4 s.?—We did.

5223. I suppose from that that your rural district was getting more thickly populated, and the distinction was not so great between the two?—I think that is so.

5224. Was that done in consequence of any coercion, or simply by the operation of the Act of Parliament under which you were?—Simply by the operation of the Act of Parliament under which we were.

5225. Do you know of any necessity having arisen for an inquiry under the Gas Clauses Act?—None at all.

5226. Going on from 1865, you proceed until 1870, when your 4 s. 3 d. and 4 s. became respectively 4 s. and 3 s. 9 d.?—They did.

5227. Was that again done voluntarily under the operations of the Acts, or were you forced to do it?—It was quite voluntary.

5228. From 1870, 1871, and 1872, you seem to have continued at 4 s. and 3 s. 9 d.?—We did.

5229. Then on the 1st of January 1874, you rose to 4 s. 6 d.?—Yes, we did.

5230. In the course of 1874, did you effect any reduction?—We did; we reduced the price on the 1st of July to 4 s. 2 d. The coal market having become easier we saw our way to reduce the price.

5231. You only reverted to 4 s. 6 d. for the first half of the year 1874?—For only six months.

5232. And then, in 1875, your 4 s. 2 d. became 4 s.?—From the 1st of April.

5233. Having asked you about the rate charged, now I will ask you about dividend. In 1860 you paid, I think, 8½ per cent.?—We did.

5234. Was there any bonus in addition?—Not that I am aware of.

5235. In 1861 you paid 9½ per cent.?—Yes, we did.

5236. In 1862, and ever since, you have paid the prescribed rate of dividend?—We have.

5237. *Chairman*.] What was the dividend between 1847 and 1860?—I cannot answer that question. I can tell you it in some of the years. I know the dividends fluctuated from 3½ per cent. to 6 per cent., but I cannot tell the precise amount.

5238. Was your average between 1847 and 1860 considerably below 10 per cent.?—Yes, undoubtedly it was.

5239. Mr. *Richards*.] Your average, that is to say, between your foundation
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Mr. E. Horner.

17 June 1875.

in 1821 and 1860?—No, between 1847 and 1860, the Right honourable Chairman asked me.

5240. Can you say when you first paid your full prescribed rate of dividend; did you pay it before 1860?—No, we did not.

5241. Mr. Richards.] This is a Return made before the Committee on the Metropolis Gas Act of 1860. In 1851 you made a return that you paid $3\frac{3}{4}$ per cent. per annum?—I have no doubt that is correct.

5242. In 1852 you paid $3\frac{1}{2}$ per cent. per annum; in 1853, $3\frac{1}{2}$ per cent. per annum; in 1854, 4 per cent. per annum; in 1855, $4\frac{1}{2}$ per cent. per annum; in 1856, 6 per cent. per annum; in 1857, $6\frac{1}{2}$ per cent. per annum; in 1858, $7\frac{1}{2}$ per cent. per annum; in 1859, 8 per cent. per annum; and in 1860, $8\frac{1}{2}$ per cent. per annum, with a bonus of 1 *l.* a share; what were the shares?—The shares were not fully paid up then, and instead of paying dividend, it was 1 *l.* given to the shareholders.

5243. What was the value of a share; how much had been paid up upon it; if it had been 100 *l.* stock, the bonus would make it $9\frac{1}{2}$ per cent.?—I do not know how much was paid up then.

5244. In 1860 I see it was $8\frac{1}{2}$ per cent.; that was before the Act of 1860 came into operation?—Yes.

5245. In 1861, $9\frac{1}{2}$ per cent.; in 1862, 10 per cent., with arrears for 1856; in 1863, 10 per cent., with certain arrears for 1857; that is making up a back dividend under the operation of the Act of 1847?—Yes.

5246. In 1864 you had got your new Act; you got 10 per cent. and certain arrears; $1\frac{1}{2}$ per cent. for 1858; $7\frac{1}{2}$ per cent. upon your new stock, and 5 per cent. upon your capitalised stock; in 1865 it was 10 per cent., $7\frac{1}{2}$ per cent., and 5 per cent.; in 1866, 10 per cent., 7 per cent., and 5 per cent.; and since that time you have continued to pay the full rate of dividend upon the several capitals?—Yes.

Chairman.] I suppose it would be within the power of the company to furnish your dividends from their formation up to 1851?

5247. Mr. Richards.] I should think so. (To the Witness.) I gather from those Tables that 1857, 1858, 1859, and 1860 were years in which you successively paid a higher rate of interest?—Yes.

5248. And that in 1860, before the Act of 1860 came into operation, you paid $8\frac{1}{2}$ per cent., with a bonus of 1 *l.* a share?—We did.

5249. And after that period, under the operation of the Act of 1860, you were enabled to make good the deficiencies within the six years to which you were limited, and also to pay the full prescribed rate of dividend upon the several classes of stock?—I believe we did.

5250. I think we may take it that under the operation of the Act of 1860 your company, which was at that time gradually approaching a prosperous condition, has been extremely prosperous?—It has.

5251. As indeed Mr. Cardwell's Report expressly says?—Yes.

Chairman.] You do not mean that there was a special report about this company, do you?

5252. Mr. Richards.] No; Mr. Cardwell said, incidentally, the legislation of 1860 had proved extremely advantageous for the companies. (To the Witness). On the other hand, have you, as far as you are aware, given satisfaction to your customers?—Yes, we have.

5253. I suppose if there are complaints to be made, you do not find people particularly slow in making them?—No.

5254. And you have effected the various deductions you have mentioned?—Yes.

5255. You had at one time gone down to the 3 *s.* 9 *d.* price?—Yes.

5256. But you were obliged to raise it to 4 *s.* 6 *d.* for a half year in consequence of the pinch of coal, and then go down again to 4 *s.* 2 *d.*?—Yes.

5257. You did it of your own motion, without the intervention of revision?—We did.

5258. Did you find at the time you raised your price, at the pinch of the coal famine, that any great dissatisfaction took place in the district?—No, we did not;

not; everybody knew what the price of coals was, and expected to pay more. Mr. E. Horner.

17 June 1875.

5259. And at the earliest opportunity you have again reduced it?—Yes, we have.

5260. Do you consider that the Act of 1860 has operated as well for the benefit of the consumers as for you?—Yes, as well for the consumers as for us.

5261. You charge now a uniform price all over your district, do you not?—We do at the present time.

5262. Your district is filling up to some extent, is it not?—Yes.

5263. Have you at the present moment any reserve fund?—Yes.

5264. What is the amount of your reserve fund?—At the present date, or at the date of the last return, 1873?

5265. Can you give us it at the end of 1873?—I have not got the figures exactly, but I believe it is 16,120 *l*.

5266. The reserve fund is on page 6 of Mr. Field's book, 16,120 *l*.; what is the amount that you are limited to put by as a reserve fund?—Ten per cent. upon our authorised capital.

5267. How much is your authorised capital?—£. 882,000 is our share capital; the total authorised capital is 1,034,000 *l*.

5268. The 10 per cent. upon that capital you would be authorised by law to set aside as a reserve fund?—We should.

5269. In fact, you had only got, at the end of 1873, 16,200 *l*.?—We had; then I should say that, in addition to that, we had an undivided balance, which has since been invested and has increased the reserve fund. I think it is nearly 50,000 *l*.

5270. Reserve fund, 49,282 *l*. 7 *s*. 9 *d*., and the leasehold fund, that is the depreciation fund against leasehold, 19,951 *l*. 12 *s*. 3 *d*.?—Yes.

5271. You might have taken 12 per cent. upon your capital, therefore the reductions that you have made from time to time have been made without your reserve fund being full?—Certainly.

5272. But had you that right by law to fill your reserve fund before you made those reductions?—We had.

5273. So far you have behaved liberally towards the customers?—We have.

5274. You might have added above 100,000 *l*. to your reserve fund?—We might have.

5275. Now let us turn to your stations; you have, I think, three stations at which you carry on your manufacture?—Yes.

5276. One on the Vauxhall Bridge, at the Surrey side of the river?—Yes.

5277. Another at Bankside, and another at Greenwich?—We have.

5278. Are the two London Stations at Bankside and Vauxhall, kept separate in their working accounts from the Greenwich Stations?—They are.

5279. And do you constantly work one against the other?—There is a constant rivalry between the two stations as to which can do the best.

5280. Do you carefully inspect and compare the accounts, to see how the several stations are working?—Every week.

5281. Do you take the same precaution of also comparing half-year by half-year your accounts and the accounts of other companies?—Constantly.

5282. You have a principal engineer and a resident engineer at each station, have you not?—We have one engineer for the London district, and one distinct engineer for the Greenwich district; the Greenwich Works being carried on as if it were a separate establishment.

5283. Now, as to the testing of the gas; I think under the Act of 1860, the local authority may appoint a chemist to test your gas?—Yes.

5284. Have they not ever done so?—Not universally.

5285. But they have in some districts?—Yes, for a time, and then given it up.

5286. Have you yourselves appointed an independent chemist to test your gas?—We have an independent chemist to test the gas for the satisfaction of the Board.

5287. Who is your chemist who tests the gas?—Dr. Letheby is retained by

Mr. E. Horner.
17 June 1875.

the Board to test the gas, so that the directors shall have a full check over the engineers.

5288. You were a director, were you not, in 1850?—I was.

5289. You were a director of the Phoenix Company prior to what is called the districting, were you not?—I was.

5290. The districting, as it is called, took place south of the Thames earlier than it did north of the Thames, I believe?—It did; I believe the companies on the north saw the advantage.

5291. The districting on the south was not complete; but was first commenced in 1853 and 1854, I believe?—I believe it was.

5292. Before the districting took place how many companies were there supplying gas in your district?—I believe there were three companies supplying entirely, and one partially.

5293. And has the districting led, in your judgment, to very great economy?—It has led to enormous economy.

5294. Take the instance of leakage alone, what was the leakage of your gas, or the amount of unaccounted for gas prior to the districting?—Above 30 per cent.

5295. What have you reduced it to now?—Under 7 per cent.

5296. There was a reason to suppose that the leakage of your gas prior to the districting was greater than the leakage of other companies working the district with you?—No; it was evident that two tons of coals were then used to supply what one ton of coals does now.

5297. With regard to the illuminating power you are, under the Act of 1860, compelled to furnish 12-candle gas?—Yes.

5298. Tested by the burners which we heard something about?—Yes.

5299. During the period in which this heavy leakage was going on, what was the price of your gas, in 1853 and 1854?—I have not the prices here; but I believe it was 6s.

5300. Very much higher than it is now?—It was 6s. I believe.

5301. Can you give us the illuminating power that you are compelled to give under the Act; is it 12 candles?—Yes.

5302. What do you give as returned by Dr. Letheby?—We give what is called 14-candle gas; but which is 15½ to 16 candles.

5303. Before the districting it was very much higher in price, was it not?—Yes.

5304. You say you give an illuminating power of what is called 14-candle gas, but which is practically 15½ to 16 candles?—Yes.

5305. Do you give the illuminating power precisely as if you were supplying 14-candle gas under the penalties?—We do; I believe Mr. Heisch, who tests for the public bodies for the Greenwich district, will show that we give that illuminating power.

5306. You say that Mr. Heisch tests for the Greenwich district?—He does.

5307. Do you find that he agrees with Dr. Letheby, generally speaking?—He does.

5308. What is the quantity of cannel that you use to produce that quality of gas?—We use, on the average, about 3 per cent.; it is from 2 to 5 per cent., according to the quality of gas used.

5309. Of course the coal, do what you will, varies; the same coal will vary in quality from time to time?—Many causes will make it vary; being got in in very wet weather will reduce the illuminating power.

5310. Not only is there a variation in the different sorts of coal, but there is a variation from time to time in the same sorts of coal?—There is.

5311. What is the name of your engineer?—Mr. Woodall.

5312. Mr. Woodall is well known as a gas engineer?—I believe he is.

5313. And he has, I suppose, instructions to carry on your works with every possible economy?—He has.

5314. Do you take all possible care to use due care and management in the conduct of the concern?—We do so. No work of any large character is ever done without the authorization and inspection of the Committee of the Directors.

5315. They have not found any fault against you up to the present time, that is

is very certain. Now, as to coke, do you sell your coke chiefly at the works, or send it about town in carts?—We sell a great deal of coke at the works, but we sell a great deal into barges to the cement makers, and so on; the local consumption is not sufficient to carry off all we make.

5316. You are well situated for sending your coke off by water, are you not?—Yes.

5317. Passing over Vauxhall Bridge, we see your works coming flush down to the water?—Yes; all our stations are by the side of the river.

5318. So that you can haul straight out of the barges in the first instance?—Yes.

5319. Do you get the very best price you can for your coke?—We get the best price we can, the principle being, if possible, never to keep any stock at all, but to sell it.

5320. Do you obtain a market for your coke by sending it down the river in barges to the cement burners?—Yes, having sold it previously to them.

5321. Do you sell much of your coke by contract?—We have done so.

5322. Do you find that selling the certain proportion by contract enables you to get a better market for the balance at home?—Yes, for that which is called the yard trade.

5323. You do not send about the town in carts yourselves, except for certain specific orders?—That is so.

5324. Anything like a locomotive trade the coke dealers set themselves very much against?—They do.

5325. They consider it a matter of competition or rivalry with their own trade?—Yes, they do.

5326. Can you conceive any mode in which you can get a better price for coke than that adopted at the present time?—No; in 1873 we endeavoured to get the same price as the South Metropolitan Company. We advertised in all the papers for six months, and we put boards at the different railway stations, and gave every publicity that we could, in the endeavour to get the same price as the South Metropolitan Company; the effect was that we stacked an enormous quantity, and were obliged to sell it afterwards at less money, showing that we had used the best endeavours to make what we could of our residual, and had failed entirely.

5327. It is a market which is, in fact, beyond your control; your power of storing is limited, and when your stores are full you must sell at the best price you can get?—Yes.

5328. With regard to your coals and other materials of manufacture, how do you buy them?—Generally by public tenders.

5329. And your engineer is a man experienced in the matter of coals?—Yes; but in addition to that we have an experimental apparatus in the works, and no new coal is bought unless it is previously tried. We have a complete gasworks in order to try every coal brought before us.

5330. Mr. *Birley*.] Experimental gasworks?—Yes.

5331. Mr. *Richards*.] And three or four retorts?—A complete bench of retorts, a gasholder, testing apparatus, purifying apparatus, and everything as if it was a large gasworks.

5332. The illuminating power, the quantity of gas per ton, the quantity of tar, the quantity of coke, the quantity of breeze, are all carefully ascertained and registered?—Yes.

5333. So that at any time when the coal is presented a second time, you turn to your analysis, and you know what the coal is worth, as far as its products go?—Yes.

5334. As to price, do you consult your engineer in making your contracts?—I think the directors rather take it upon themselves.

5335. Have you a coal agent?—No; we buy it direct from the collieries; we never buy from an agent if we can possibly avoid it.

5336. By which you save any intermediate commission?—Yes.

5337. You buy direct from the collieries, you say?—Yes.

5338. By putting it up to public tender, do you think you get the coal offered at the lowest possible price?—Not always; we put out some tenders in the spring of this year, and they were all so much higher than what we expected,

Mr. E. Horner. that we declined all except one, and we have since bought without public advertisement.
17 June 1875.

5339. Have you got your gross price for coals here?—Yes; I have it here from 1860 to the present time; the prices we paid for them. I have only got it from 1860.

5340. Beginning at 1860, this is the gross price paid for your coal per ton?—Yes.

5341. I find 15 s. 5½ d. in 1860; in 1861, 16 s. 1 d.; in 1862, 15 s. 3½ d.; in 1863, 15 s. 1 d.; in 1864, 14 s. 10 d.; in 1865, 15 s. 3 d.; in 1866, 15 s. 9½ d.; in 1867, 15 s. 9½ d.; in 1868, 15 s.; in 1869, 14 s. 2½ d.; in 1870, 13 s. 9 d.; in 1871, 14 s. 2½ d.; in 1872, 16 s. 4 d.; in 1873, 22 s. 2½ d.; in 1874, 23 s. 4½ d. These are the gross prices that you have paid for your coals?—Yes.

5342. And against them is the price obtained for your residuals?—Yes.

5343. In February 1870, you entered into a long contract for your coals?—We did.

5344. For a supply of nearly 350,000 tons of coal to run through three years?—We did.

5345. During 1870-71, 1871-72, 1872-73, this contract was running?—Yes.

5346. Did the contractors fulfil their contract?—They did.

5347. That enabled you up to February 1873, to obtain your coals at considerably less than the then current market price?—Very much less.

5348. Of which the public got the benefit by your not finding any necessity for raising your price?—Just so.

5349. May we consider that as due care and management?—As men of business, coal being extra cheap, we thought it the right time to secure a good supply, if we could get it.

5350. Do you habitually make long contracts in the matter of coal?—No, we do not.

5351. Although yours was advantageous in that particular instance, do you think generally long contracts in coal are advantageous to make?—While coals have been high we have made shorter contracts, in the hope that they would come down.

5352. During the time that that contract was running, were you selling your coke well?—For the coke sold, the average price in those years would be about 8 s., leaving a loss of 6 s. as between a ton of coals and a chaldron of coke.

5353. With regard to your ammoniacal liquor and your tar, what course do you adopt; do you sell them by contract?—We put them up to public tender.

5354. And like most people, I suppose you find the price of tar has just, for the present, increased?—It has increased; but unfortunately our contract was made when it was low.

5355. In that instance you made a contract for a certain period, which has not been as advantageous?—It has not been advantageous to us.

5356. While your coal contract was advantageous, your tar contract was not so?—No.

5357. What period does the tar contract run for?—It is out in the early part of next year.

5358. The price that you made your contract at, was the highest price obtainable at the time the contract was made?—It was the highest price. We could have sold it at a little more, but we should not have got paid for it if we had done so.

5359. There was a tender from an individual for a higher price?—Yes.

5360. You guard yourselves by not undertaking to accept the highest tender?—Yes.

5361. With regard to your capital outlay, have you economised in your capital outlay to the utmost of your power?—We have as a rule. I may say we never call up any capital until we have erected the works. At this very time we are erecting a gasholder and laying about a 1,000 tons of mains, which will all be erected and finished before we call upon our proprietors to pay any money, so that we have no capital that is not productive.

5362. The districting, which took place south of the Thames, was in 1853 and 1854, was it not?—Yes.

5363. Do

5363. Do you conceive that placed as you are under the Act of 1860, you have well fulfilled the obligations imposed upon you?—I do.

5364. And do you believe that you have given satisfaction?—Yes.

5365. And do you protest against any alteration, as far as your protest may avail, being made in that legislation as far as you are concerned?—Certainly.

Mr. E. Horner.

17 June 1875.

Cross-examined by Mr. Cripps.

5366. First of all I should like to get clearly from you where that part of the metropolis is that would still remain under the Act of 1860. Those two pink spots on the south side of the Thames which join you are the London works, are they not?—Yes.

5367. Then just leave out the London, as it is a question of dispute. On the north side of the Thames, is there anything remaining under the Act of 1860, except the Commercial, which is marked in black, and the two small bits near that bit of yellow, the Independent and the Ratcliff?—No, I think not.

5368. With that exception, the whole of London north of the Thames is under the Act of 1868, and not under the Act of 1860?—Under the Act of 1868 and 1869.

5369. Do you know that at this time there is a Bill before this Committee for amalgamating the Commercial with the Ratcliffe, and making them one company, and putting them, when amalgamated, under the Act of 1868?—I do not know that.

5370. If that is so, nothing would remain under the Act of 1860 north of the Thames, except the little yellow bit of the Independent?—Speaking hypothetically, it would be so.

5371. Take it from me that there is a Bill before the present Committee?—If that Bill is passed.

5372. Assuming that Bill of the Commercial Company were to pass, that is what is proposed. The Commercial Company propose to put themselves under the Act of 1868?—That I do not know.

5373. It would leave only that bit of yellow to the north of the Thames under the Act of 1860?—Probably it would be so.

5374. On the south of the Thames, setting aside the London, the South Metropolitan is under the Act of 1868?—No, 1869.

5375. 1868, modified by 1869?—They are very different Acts.

5376. That would leave on the south side of the Thames those two pieces of blue and that brown, which is the Surrey Consumers, only, under the Act of 1860?—Yes.

5377. And that is all?—Yes.

5378. In future years, assuming no legislation specially to take place with reference to this Bill, that would remain under the Act of 1860?—That is so.

5379. Your district, on the one side, at any rate, goes directly along for some way parallel to the South Metropolitan, does not it?—It does.

5380. I think, on the left hand side of the map, there is a long street coming down from the "Elephant and Castle" to Camberwell Green, dividing your district?—Yes.

5381. On the one side of that street you supply gas, and on the other side, the South Metropolitan?—Yes.

5382. Will you inform the Committee how it came to be that those two districts are districted in the particular way marked in that map?—Yes, I can tell you that: when the districting took place it was laid down as an axiom that every company should have its district nearest to its works for economy, and the consequence was that the Phoenix Company had the district at Greenwich, where its works were, a district at Bankside to supply the Borough and Vauxhall, where its other works were, to supply that district. The South Metropolitan Company had their district given to them nearest their works, to enable them to supply with the greatest economy.

5383. *Chairman.*] Which is your largest district?—Bankside and Greenwich; they were simultaneous, I believe, but those two companies have been taken out

Mr. *E. Horner*.
17 June 1875.

of us; that is the reason why the district is so cut up; Parliament authorised a competition, and so destroyed the district, or it would have been one company.

5384. Mr. *Cripps*.] At the present moment your price is 4 s.?—Yes.

5385. And the South Metropolitan is 3 s.?—Yes.

5386. Therefore, the tradesmen on one side of a street are paying 4 s., and the tradesmen on the other side are paying 3 s.?—Yes.

5387. And that is so wherever the boundary comes in between you and the South Metropolitan?—Yes.

Chairman.] What are the Surrey Consumers Company charging for their gas?

5388. Mr. *Cripps*.] Four shillings and twopence. (To the *Witness*.) You assume that you are entitled to 10 per cent. dividend upon all your old capital?—Yes.

5389. That is the way you look upon it?—Yes.

5390. And that is the way your directors read the Act of Parliament?—We accepted certain limitations, and we took a limitation of dividend in consideration of that.

5391. And you look upon it that you are entitled to it?—Yes, as long as we fulfil our engagements.

5392. That being so, it was strengthened and made clear, under the Act of 1860, that you were to have your district, that you were not to go back more than six years, and you were not to exceed the prescribed rate?—Yes.

5393. I do not know whether you came under the Act of 1847, prior to 1860, or whether you came under it first in 1860?—I should think not until the Act of 1860. I cannot answer the question.

5394. If you were not under it before, you would have come under it under the Act of 1860?—Yes.

5395. Then the Act of 1860, in which you are specially named, put you under the Act of 1847, so far as that Act is incorporated with it?—Yes.

5396. In the Act of 1860, there were revision clauses, the same as there were in the Act of 1868, were there not?—There seems to have been some powers.

5397. But they could not come into operation at all, and they had no application unless the City of London Company charge more than the 4 s. 6 d. price; that was so, was it not?—I suppose it was so.

5398. In the result, no company under the Act of 1860 ever has charged more than the 4 s. 6 d. price since that Act was passed?—None, that I know of.

5399. The consequence is that there has been no occasion at all to try those clauses, or to put that clause in operation at all?—No; because the company fulfilled their obligations, and kept the price down.

5400. A case has never arisen?—No.

5401. Do you suggest that all the other companies that are under the Act of 1868 should go back, and be put under the Act of 1860?—No, I do not suggest that; but I think the Act of 1860 is as perfect an Act as any that has been passed since.

5402. The essential difference between the two is this, that under the Act of 1868 and the Acts following it, the companies cannot exceed the 3 s. 9 d. price without coming for revision; under the Act of 1860 they could exceed the 3 s. 9 d. price, and go up to 4 s. 6 d.?—Yes; but I think the Act of 1860 proves itself a better Act, inasmuch as the companies under the Act of 1860 have not charged as much for the gas as those under the Acts of 1868 and 1869. If the Chartered Company had been under the Act of 1860, they never could have charged 5 s.; they must have remained at 4 s. 6 d.; therefore I think the Act of 1860 was a much better Act than the Acts of 1868 or 1869.

5403. They could not have charged it without going for revision, nor could they have charged it under the Act of 1868 without going for revision; that is equally necessary in both cases?—But no company under the Act of 1860 would have charged 4 s. 6 d.

Mr.

Mr. Richards.] The Phoenix Company from 1851 and 1852 were charging 4 s. 9 d., not 4 s. 6 d.

Mr. E. Horner.
17 June 1875.

5404. *Mr. Cripps.*] I have it here from the returns, 4 s. 6 d.?—When the Act was passed, if I recollect right, we were allowed to charge the prices we were then charging, and I suppose it was 4 s. 9 d. at that time.

Mr. Richards.] Four shillings and ninepence and 4 s. 3 d.

5405. *Mr. Cripps.*] You do not seriously suggest, as a gas manager and director, as a solution of this difficulty a return to the Act of 1860?—I never heard of any legislation that ever suggested going back; I do not suggest it, but I still say the Act of 1860 is a better Act.

5406. Now, I have a return of your dividend since the year 1851; is it the fact that prior to 1851 your dividends were not higher than what they began with; here is a return in that year, 5½ per cent.?—I do not know; I cannot answer that question; I would answer it if I could.

5407. From 1851 I see your dividends remain somewhat the same to 1853; 1853 was the year in which you began the districting, though you had not Parliamentary sanction for it?—Yes.

5408. I see upon that your dividend rises to 4, 4½, 6, 6¾, 7½, to 8 in 1859; that is the result of the districting?—Yes, the districting produces great economy.

5409. Then you get the Act of 1860 which confirms the districting of the monopoly and prevents other companies coming in; then your dividend goes on rising 8½ per cent. with a bonus of 1 l. per share; that is 9½?—No; the shares are 60 l. shares.

5410. In 1861 you got as the result of the Act of 1860, 9½ per cent.; in 1862, 10 per cent.; in 1863, 10 per cent.; and that 10 per cent. has never been less than 10 per cent. from that time to the present?—No, it has not.

5411. That is the result of the Act of 1860?—Yes, and cheap coals.

5412. And also, as the Chairman reminds me, in 1862 and in 1863 you were enabled to pay 1 or 1½ per cent., and another year 1¾ per cent. for back dividend?—Yes.

5413. But further than that, I find that in 1864, for the first time, you got a dividend upon some capitalised stock?—Yes.

5414. Upon which you had received no dividend up to that time?—No, we had not.

5415. Therefore in the fourth year after districting, I find 10 per cent. as before, plus 5 per cent. upon 144,000 l., which is quite new?—Yes, the whole of that money had been laid out upon works, and it had been proved to the satisfaction of the Legislature that it was so.

5416. Having been laid out it existed in the prior years just the same as in 1864?—Not entirely; because it accrued from year to year.

5417. When was the last year in which anything was put to that capitalised sum upon which you afterwards got liberty to divide?—As far as my memory serves me, within a year or two or three before that took place.

5418. In whatever year it accumulated, 1864 is the first time at which you get anything at the end of the year towards dividends in respect of it?—Yes.

5419. That is plus the 10 per cent. you got up to before?—Yes; but it was a very moderate rate the 5 per cent.

5420. That 10 per cent. and that 5 per cent., and the 7½ per cent. upon the new stock created in 1864, have all gone on undiminished in dividend down to the present time?—They have.

5421. In fact, the result of this is to show a steadily increasing profit in business after your districting was assured to you?—Yes, but in addition to that we have called up 175,000 l. at 5 per cent.

5422. I will assume that the money called up paid itself?—Yes, but it has kept the average rate of the money called up since 1864 down to 6½ per cent.; that is the total. If you add the two items together, the 7½ per cent. stock, and the 5 debenture bonds, it has reduced the rate of the capital called up since 1864 to 6½ per cent. also, less almost than any other company.

5423. It shows the continuous prosperity of the company ever since the districting took place. Why should not that continuous prosperity go on?—It will, unless you interfere with it.

Mr. E. Horner.
17 June 1875.

5424. I am glad to hear you say so ; in other words, you will give the people better gas and divide better dividends ?—We cannot divide better dividends.

5425. You can if you get the sliding scale ?—If we got a sliding scale, and once paid an increased dividend, the Metropolitan Board would come the next Session of Parliament to say, that it does not answer their purpose, and they would come again for a new Act of Parliament directly ; that is the morality of the Board of Works.

5426. That is, no doubt, the sincere belief of the directors ?—It is my sincere belief.

5427. Putting aside that, and supposing people are not so black as you imagine them to be, this table does show, assuming things to go on in the ordinary way, that you would be able to divide more than 10 per cent. for the future ?—If we remain as we are now.

5428. If you had the power given to divide it, it shows pretty clearly that you could divide it ?—We have the power.

5429. Supposing to-morrow you could make out that you had spent upon the works a considerable sum beyond the 134,000 *l.*, and capitalised it at 5 per cent., you have no doubt whatever you could pay it ?—That is not a likely thing to happen.

5430. Supposing by any arrangement of, that sort you could find that you could raise another capital of 200,000 *l.* at 5 per cent., you could pay dividend upon it ?—If we were entitled to it, we should try and get it.

5431. You have given me the price of coals from 1860 down to the present time ?—Yes.

5432. Should you be able to furnish us with the price of coals since 1851 ?—I dare say we can.

5433. I see that from 1860 to 1873 there is nothing in the price of coal which shows any material difference in the average from year to year ?—I thought the prices ranged from 13 *s.* 9 *d.* to 23 *s.*

5434. The first is 15 *s.* 3½ *d.* ?—You will find 13 *s.* 9 *d.* there.

5435. There is no material difference, taking those years together, between the price of coals, one year upon another, until you come down to this abnormal year of 1873 ?—Yes, in the last two years.

5436. Thirteen shillings and nine pence is one year ?—Yes.

5437. And 13 *s.* 2 *d.* and 15 *s.* ; then one year 16 *s.* ; but there is no greater variation ?—Not more than 1 *s.* a ton.

5438. Supposing this were to go back to 1851, can you tell at all whether it would show any great difference in the price of coal ?—Yes ; you have reminded me now of this, that when I became a director in 1850, the first contract for coals was made at 4 *s.* 4½ *d.*, free on board ship, the very same coal we are now giving 9 *s.* and 9 *s.* 6 *d.* for.

5439. What I want is the price of the years before 1860, as compared with since 1860 ; not 1854 as against 1873, particularly ?—I have not got them, but I should think some of them would be less ; the price of coal has doubled at the pit's mouth during the time I have been a director.

5440. Never mind the pit's mouth ?—We always pay for them at the pit's mouth.

5441. I have 15 *s.* 6 *d.* to begin with ?—Yes.

5442. I want the price for the five years before 1860 ?—I cannot give it here.

5443. Have you no idea whether it is higher or lower ?—I should think it would be much the same.

Chairman. Looking at Mr. Field's table as regards purchases of coals, wages, and so forth, they seem to me to compare very well with other companies.

Witness.] Taking coke out of the question, we manufacture lower than the South Metropolitan, I believe.

5444-5. Mr. Cripps.] What I want to get at is this : this continual prosperity which is shown by your Company from the districting time, cannot be attributed to any difference in the price of coal ?—No, I think the districting has been the great foundation of the success ; the great economy produced by the districting.

5446. It

5446. It is produced by the districting and by the increased consumption from year to year?—Yes; I think our consumption does not increase so rapidly as the other companies.

5447. It is about 4 per cent.?—Yes.

5448. You do not attribute it in any way to the alteration in the price of coal?—No.

5449. With reference to the price of coal, you say your stations are on the river?—Yes.

5450. Are you, therefore, able to get your coal quite as cheap as any other company which has the river and the canal;—Yes; the chief difference would be whatever it costs for barging the coal from the ships.

5451. And the difference which it would cost to barge the coals along the different canals?—Yes, it costs about 1 s. per ton to barge the coals to Vauxhall.

5452. Other things being the same, your gross price of coal might be expected to be somewhat less than the other companies?—I do not know why our coals should be less than the other companies.

5453. Not less than the South Metropolitan?—I do not know why.

5454. You have no canal, and the South Metropolitan have?—They have some advantage in reference to landing coals which helps to keep the price lower.

5455. You heard that the South Metropolitan has to pay 6 d. dues on the canal?—Yes.

5456. Besides the lighterage?—Yes; they have other advantages with reference to landing their coals which quite meets that, I believe.

5457. What advantages could there be?—They have some arrangement with the Commercial Dock Company, by which they get their coals landed at a less rate.

5458. Where they are landed is the Surrey Canal?—No, the ships do not go into the Surrey Canal.

5459. They are put in barges and landed at the Surrey Canal?—Yes; they have their own barges.

5460. You do not know what they are?—No.

5461. At any rate you have no canal?—No.

5462. And you pay no dues?—We pay no dues.

5463. You were asked about the reserve fund, and the clauses have been read to you which give you the opportunity of making a reserve fund. You know that they depend upon the words at the beginning of the clause, "If hereafter the profits of the undertaking in any year amount to a larger sum than is sufficient," and so forth?—Yes.

5464. That must be the case before you can make any reserve fund at all?—It must be so.

Re-examined by Mr. Richards.

5465. My learned friend has pointed out to you that the districting had the effect of raising the dividend in your case, and probably in most cases?—Yes.

5466. Had it also the effect of lowering the price?—It had.

5467. Whilst therefore under the Act of 1860 the companies benefited by evidently getting a more certain and even increased dividend, the customer on the other hand benefited by getting a reduction in the price of gas?—He did so.

5468. Mr. Richards.] In 1859 you were charging 4 s. 6 d. and 5 s. 6 d.?—Yes; we charged 3 s. 9 d. for several years.

5469. You charged 3 s. 9 d. in 1870, 1871, 1872, and 1873?—Yes.

5470. May I not fairly put it that whilst on the one hand the company have benefited in getting an increased and a more certain dividend under the districting system, the consumer on the other hand has got a reduction in the price of gas, down to the 1st of January 1874?—Yes.

5471. When you raised the price to 4 s. 6 d. for half a year, in consequence of the coal famine?—Yes; probably we should not have raised it then, but it was impossible to see the course the coal market would take.

Mr. E. Horner.
17 June 1875.

5472. With reference to your capitalized profits; those capitalized profits were money which you might have expended in dividends in previous years?—It might have been all declared in dividend.

5473. But money which you did not expend in dividend, but did expend in plant?—Yes.

5474. When you went before Parliament in 1864, they allowed you to treat it as part of your capital, and pay 5 per cent. upon it?—Yes.

5475. When you took that 5 per cent., you had foregone the pocketing of it in previous years?—We had.

5476. Clause 4 in the Act of 1864 is this, "The company, with the consent of three-fifths at least of the votes of the shareholders present in person, or by proxy, at a general meeting convened with a special notice of the purpose, may capitalise all or any part of the said sum of one hundred and fifty-four thousand pounds, by appropriating amongst the several holders of shares in the said capital of five hundred and forty thousand pounds, in proportion to the number of such shares held by them respectively, new shares or stock of the company, but the total sum payable as dividend or interest on the new shares or stock to be so appropriated shall not exceed seven thousand two hundred pounds per annum." It is a clause which a good deal resembles the clause in the Imperial case; the said sum of 540,000 £. is alluded to in the preamble, and it was money that you might have put into your pockets in former years, and you have not done so?—Yes.

5477. My learned friend puts to you that if you went on as you are going on now, you might make more than 10 per cent.; that is to say, if the price of coals does not rise again?—I think it will be as much as ever we will be able to do to make our 10 per cent.

5478. Supposing you went on, as my learned friend assumes, at the same time the whole thing depends upon the price of coal?—If we have to make 16-candle gas we shall not be able to make our 10 per cent.

5479. That is insisting on a better article at the same price?—Yes.

5480. Supposing you do make more than 10 per cent., the effect of that would be to produce a reduction in the price of gas?—If the reserve was full.

5481. Under the Act of 1847?—Yes.

5482. *Chairman.*] How much money would you have to pay into your reserve fund under your Act before the price could be reduced?—I think about 103,000 £. altogether, nearly 50,000 £. being already paid.

5483. *Mr. Richards.*] That is before you would be compelled by law to reduce?—Yes.

5484. You have, in point of fact, over and over again reduced when your reserve fund was much less than now?—Yes.

5485. Your reserve fund was only about 20,000 £. when you made your last deduction?—Yes.

5486. For which you did not get any credit, and do not expect any?—No.

5487. At the same time it hardly amounts to the want of due care and management?—No.

5488. *Chairman.*] You are charging 4 s. at present?—Yes.

5489. The South Metropolitan is charging 3 s.?—Yes.

5490. Why do you find yourselves obliged to charge the consumers 1 s. more?—Because our capital is much larger in proportion.

5491. So far as regards the net price of coal, you manage your business so that you are able to get it very nearly the same price as the South Metropolitan?—I believe we do.

5492. And your wages, judging by the tables, in 1873 were, if anything, less than those of the South Metropolitan?—They were.

5493. Consequently the reason why the consumers on one side of a street have to pay 4 s., and the consumers on the other side of the street are only paying 3 s., is, that in the one case there is 10 per cent. to pay upon a much larger capital than in the other.

5494. Why is your capital so much larger in proportion to that of the South Metropolitan?—Because competition was allowed in our district; if we had never

never had any competition our capital would have been much less. No doubt a great deal was wasted by the Legislature allowing three or four companies to be supplying one street.

5495. That was in former days?—Yes; if it had never taken place, probably our gas would have been 3 s. now.

5496. Before what date?—The South Metropolitan was established in 1833 or 1834, and the Surrey Consumers at a more recent date.

5497. Then it is the capital which was invested a long while ago which causes this?—Yes, and being an old company, the materials of which it was constructed were much more expensive than now.

5498. What is your present capital paid up?—£. 1,027,000 paid up.

5499. How much of that has been paid up since 1860?—I cannot answer that question.

5500. Is it not a good deal more than half?—I should think it was not. What has been paid on the new capital is 198,000 l.

5501. Then I suppose I am misled by the table which is before me; it is at page 313?—We have only called up 198,000 l. of our new capital.

5502. At the bottom of the right hand side of this table they say the capital of your company at intervals of five years, distinguishing share and loan capital of the shareholders, in 1861, was 495,000 l.; in 1866, 774,000 l.; and now you say it is more than a 1,000,000 l.?—Yes, of course the increase of this sum is partly accounted for by the capitalisation of the 144,000 l. in the Act of 1864.

5503. This was a capitalisation of what might have been used for dividend?—Yes, what we might have divided for dividend.

5504. Since what time?—I cannot tell you the number of years, because part of it was before I was a director of the company.

5505. At any rate a very large portion of your present capital has been called up since 1860?—Yes.

5506. And, therefore, is not accounted for upon the ground you have just now stated to me, of the necessity arising from competition which arose before 1860?—No, a good deal would not be, but it has been very economically laid out.

5507. Then I must again ask you the question. Inasmuch as the consumers have to pay 1 s. more to you than they do to the South Metropolitan, because of your having so much capital, why have you had to invest so much since 1860?—Because the demand from the public has been constantly increasing, and we had to make works to supply that demand. The whole of Vauxhall Station has been constructed since 1860, which is our largest works; one-half of the whole of the coals consumed are carbonised there.

5508. Mr. Brassey.] Are they entirely new works?—Yes.

5509. How used you to supply the district before?—There was not the consumption or the demand.

5510. Chairman.] It merely shows this, that you have a fresh district and that you have put up works to supply that district?—Yes.

5511. I suppose the South Metropolitan has done the same; why should the capital, which you called up merely to supply your district, be so much larger than it is in the South Metropolitan? I do not know that the new capital is larger.

5512. You say that you do not know that it is larger in proportion?—No.

5513. The whole of the South Metropolitan capital is under 300,000 l.?—And our business is double, or more than double, theirs.

5514. Your capital, in 1873, is 7 l. 11 s. per ton, and theirs is 4 l. 11 s. 6 d.?—Yes, but ours is gradually reducing.

5515. Have you called up all the capital you have a right to call up?—No, we have not.

5516. How much more have you to call up?—We can call up 162,000 l. more.

5517. And you consider that you have, by Act of Parliament, at present a right to a 10 per cent. dividend upon each of your capitals?—£. 162,000.

5518. And what dividend upon the remainder?—Seven and a half per cent. is all we are entitled to upon that.

5519. Your 10 per cent. is upon the 540,000 l.?—Yes.

5520. And 7½ per cent. upon the new capital?—Yes.

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5521. Therefore,

Mr. E. Horner.
17 June 1875.

5521. Therefore, I understand that you interpret the Act of Parliament to mean this, that there is no power to make you reduce the price, if it can be shown that such a price is necessary for 10 per cent. upon the original capital, and $7\frac{1}{2}$ upon the other?—There is no power to make us reduce our price until our reserve is full.

5522. Is it not rather in the interest of the shareholders, and the interest of the directors, to get out as much capital as they can?—No, it is not.

5523. It would seem to me that it was, because you can keep up the price in order to obtain this full interest?—On the contrary, I have stated that for years past, in all the works we have made, we have made the works and not called upon our proprietors for the capital, until they were erected and in operation.

5524. I do not ask what you have done; I simply ask what is your interest, as shareholders and directors?—I do not think it is our interest, as honourable men, to do so.

5525. Why do you say that?—I should be ashamed, in my position, to call up capital merely to secure getting dividend upon it.

5526. Then, it appears to me, that is rather finding fault with the Act of Parliament which gave you power to do it?—The Act of Parliament gave us the power, but it does not follow that we should take advantage of it; I can unhesitatingly say that we have never taken advantage of it.

5527. Are you quite sure that the fact that you could get this large interest upon your capital, guaranteed by Act of Parliament, has been no reason why your capital is so much larger than that of the neighbouring company?—No, certainly, it is no reason why it is larger.

5528. Mr. Brassey. | Would you say that you have in this respect been exceptionally unfortunate, that you have made a provision for the demand which you expect to arise, but which has not yet arrived at such a point as to give fair employment to the whole of the works that you have made?—No, that is not so; our works are nearly full.

5529. Chairman.] What is the present price of your shares in the market?—£. 37 for a 20 l. share.

5530. When did you last allot fresh shares to your shareholders?—The $7\frac{1}{2}$ per cent. stock was allotted in 1864; there has been nothing since.

5531. Did it make any difference to the price of a share when it was allotted?—I do not think so; the premium upon it was very small for a long time; in fact we were not able to get it out; it was not all taken up.

5532. What was the reason of that?—I suppose gas was an unpopular thing, and was not looked well upon.

5533. What dividend were you paying in 1864?—In 1864 our dividend was 10 per cent.; but notwithstanding that our $7\frac{1}{2}$ per cent. stock was only partly taken up.

5534. And before 1864 you had been in receipt of a dividend of 10 per cent. for two or three years?—Yes.

5535. And I suppose that at that time you asserted, as you do now, that you had a Parliamentary guarantee?—I do not think that we had occasion to make that assertion.

5536. Your shareholders considered they had?—We certainly did.

5537. But in spite of that, when the shares were issued to them at $7\frac{1}{2}$ per cent., they were not all taken up?—They were not all taken up.

5538. What was the condition of the 5 per cent. stock when first issued: when did you issue your 5 per cent. stock?—Under the Act of 1864; it was not an issue; it was an allotment to all the proprietors in proportion to what they held.

5539. Was it taken up?—There was nothing to pay, because it was capitalised stock; we were only too thankful to get it.

5540. Mr. Richards.] What was the market price of that stock?—It has been as low as 65 l. and 70 l., and is not at par now.

5541. Chairman.] Can you account for that?—I suppose the public did not think gas a very safe investment; they think the electric light perhaps may put it out.

5542. Are you aware this low price does not arise from the public agreeing

with you in the opinion that the 10 per cent. is guaranteed?—I do not know whether the public have considered that matter.

Mr. E. Horner.

17 June 1875.

5543. I think it is one of the first things a buyer would consider?—The proprietors have considered it. The difference of a shilling did not occur in 1873, and, therefore, that is not correct.

5544. Although your capital is larger, your dividend will come to an average of only about 8 *l.* 4 *s.*?—Yes.

5545. Whereas the South Metropolitan pay 10 per cent.?—Yes; and when it is all paid up it will be under 8 per cent.

5546. As to the South Metropolitan, they have a right to pay 10 per cent.?—Yes.

5547. And you are of opinion that your cost of manufacture is as low, upon the whole, as theirs?—I think it is lower.

5548. Then, does not it strike you that it is an enormous difference to be obliged to charge to the consumers, when you are not allowed to pay as large a dividend to the shareholders as the South Metropolitan?—Yes, we have been only charging that to the consumer under these very abnormal circumstances. The difference between us has only been 4 *d.* or 5 *d.* till lately; they were charging 3 *s.* 4 *d.* up to a recent period, when we were charging 3 *s.* 9 *d.*, and we shall be 3 *s.* 9 *d.* again, no doubt, if coals continue at the same moderate price. In fact, I unhesitatingly say that if coals had not got up as they did, and continued at about 14 *s.*, our price would have been 3 *s.* 6 *d.* We were on the verge of reducing to 3 *s.* 6 *d.* when the immense rise of coals took place.

5549. Do not you think that you will be able to make a very considerable surplus over your 10 per cent. at 3 *s.* 9 *d.* now, if prices remain as they are?—No, I do not. I think we shall about make our dividend with our present illuminating power at 3 *s.* 9 *d.*

5550. Do you know the result of your working for 1874?—Yes, I have got 1874.

5551. You charged 4 *s.* all through 1874?—We charged 4 *s.* 6 *d.* for the first six months of 1874, and 4 *s.* 2 *d.* the last six months.

5552. What does 1874 show you as surplus over your dividend?—At Christmas 1874, when we charged the public 4 *s.* 2 *d.*, we had a surplus of 1,424 *l.*, which was carried to the reserve fund.

5553. Mr. Brassey.] What rate of interest do you think you would be obliged to allow in order to raise a preferential or debenture stock up to par?—We have funds which, I suppose, are considered the same thing, at 5 per cent. I do not think we could raise capital at that price. I intended to have brought a list here to-day, to show you a calculation made by a stockbroker of the rate of interest paid by all the companies at their present prices, by which you would see that we could not raise capital at 5 per cent.

5554. Supposing, in some form or other, the rate of interest at 5 per cent. were guaranteed to the bondholders by the consumers, in the same direct way in which the Metropolitan Board stock is guaranteed by the ratepayers of the metropolis, then you would say there would be no difficulty whatever?—None at all.

5555. Practically from the interpretation you have put upon the Act of 1860, and the mode in which that Act has been carried out, a dividend of 10 per cent. is substantially guaranteed to your shareholders by the consumers?—I do not think you can say they guarantee it.

5556. They have to pay a rate for the gas such as will give that rate?—Yes.

5557. So that whereas if they gave a direct guarantee there would be no difficulty whatever in raising capital at 5 per cent. or less, and giving, as they now do an indirect guarantee; you are now paying 10 per cent.?—Yes, that is so.

5558. Therefore the present position, in a financial point of view, of the consumers is rather unfavourable, is it not?—Putting it in that way it would be; still it is to be recollected that the manufacture of gas may not be a permanent thing. I should doubt whether public bodies like the ratepayers would be right in taking such a liability upon themselves; they might lose all their money some day.

5559. Assuming that some other illuminating power was discovered?—Just so.

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Mr. E. Horner.

17 June 1875.

5560. Are you in a position to say generally whether the other gas companies have increased their capital in a much more rapid ratio since the passing of the Act of 1860 than they did before?—I should think they have only called it up to meet the demands they have to meet from the public.

5561. Is it not the case that since the Act of 1860 passed the gas companies have been more ready to anticipate and to meet any demand that may arise than they were before?—I do not know that they have been.

5562. Do not you think that the low rate of dividend prevailing prior to the Act of 1860 had operated to deter the directors of gas companies from extending their works to meet the demand?—I think they were under obligations which obliged them to extend their works.

5563. Under the competing system?—I should think so.

5564. As they were not bound to make and supply before 1860, so in point of fact they did not increase their works so rapidly before the year 1860 as since?—No doubt they would not subscribe any more capital than they could possibly avoid.

5565. Do you think that the public derives a greater advantage from the present position, which certainly is not of a kind to deter the directors from increasing their works in proportion to the demand?—Yes, the price of gas is lower than it was then.

5566. And there is nothing in the financial aspect of the question to prevent the directors of different companies from increasing their works, fully as much as the demand increases?—No, I think not.

5567. *Chairman.*] When you say the price of gas is lower than at the time the Act was passed, the cost of making gas is very much lower than it was then, is it not?—There have been, no doubt, great improvements in the manufacture of gas, and in the manipulation of it, but I think the price of the raw material has increased; iron is much more than it was.

5568. Would it not appear that the price paid by the consumers is greater in proportion to the cost than it was before 1860, from the fact that you were receiving a much smaller dividend before 1860 than you do now?—I do not know; I should think not; I should think the works made then would cost more than if made at a more recent period.

5569. Surely if you paid less dividend before 1860, your dividend being your profit, was the difference between the cost of making the gas and the price at which it was sold to the consumer?—The consumers paid a higher price when we earned a smaller dividend.

5570. It is true the consumer paid a higher price, but he must have paid a smaller price in proportion to the cost than he pays to you now?—It is rather an abstract question, which, without going into the figures, I cannot answer.

5571. Is it not almost self-evident, you say that a consumer has been benefited by the Act because he pays less for his gas than he did before?—Yes.

5572. But you are aware that what may have benefited the consumer is that the cost of making the gas may have very much diminished?—Yes, it has.

5573. But if the producer gets a larger profit now than he did then, surely the consumer must, in so far as he gets a larger profit, be under a disadvantage?—No, I do not think he is, because he gets a cheaper article while we get more profit; that is what they propose in the Board of Works.

5574. The cost of making gas was a certain sum before 1860; upon the gas so made you got a dividend of say 5 per cent.; you now get a dividend of 10 per cent.; surely the consumer would be in a better position if you still got your 5 per cent.?—Yes, certainly, if you limited us to that.

5575. The advantage the consumer may have gained is an increased saving in the manufacture of gas?—Yes.

5576. But the advantage you have gained by the Act is, that you get very nearly double the dividend?—We get more dividend.

5577. *Mr. Talbot.*] Do you think the consumer is benefited by an improvement in the quality of the gas?—I think very much; the quality of gas years ago was not more than eight or nine candles.

5578. How long ago is that?—I believe the Great Central Company supplied gas to the metropolis of eight or nine candles.

5579. How

5579. How long ago was that?—That was about 1856; they only supplied about nine candles.

Mr. E. Horner.

17 June 1875.

5580. *Chairman.*] You base your claim to what you call the Parliamentary guarantee upon the Act of 1860, together with the Act of 1847?—And 1864.

5581. The Act of 1864 being merely your application of the Act of 1860?—Yes.

5582. It is true, is it not, that the Act of 1847 was a public Act for gas companies throughout the kingdom?—I believe it was.

5583. And it applied to gas companies, many of whom were subject to competition?—I believe so.

5584. And therefore you having the monopoly of a special district given to you, are in a different position to the companies to which the Act of 1847 was meant to apply?—I do not know that; many companies that have monopolies elsewhere, are still under the operation of the Act of 1847,

5585. They may, or may not be?—Yes.

5586. You spoke just now of gas as an uncertain kind of property in the estimation of the public; as having some element of uncertainty about it?—Yes.

5587. That is looking forward to the possibility of some other light being devised?—Yes.

5588. Have gas companies, to your knowledge, made any provision for such a contingency as that?—None whatever.

5589. Have you any reason to suppose that any other light is in any reasonable period likely to take the place of gas?—When the electric light first came forward an enormous fall took place in gas shares; that was in 1839.

5590. Since that there has not been any appreciable fall?—No.

5591. Is it the opinion of persons conversant with gas matters, that there is any real danger to gas property from some other light?—I do not think so myself; I think the very cheapness of its price would ensure its use.

5592. Even if any other light was much more brilliant?—It would be a question of price then.

5593. *Chairman.*] But you do think it an element of uncertainty giving you a claim to 10 per cent.?—I have not put it forward myself.

5594. Mr. *Talbot.*] Do you think that it originally operated as an element in the public mind and gave a sort of justification for the exceptionally high dividend?—I do not know that.

5595. Mr. *Bristowe.*] In the early part of your examination you told us that your capital was 540,000 *l.* at 10 per cent., 360,000 *l.* authorised at 7½ per cent., and 5 per cent. for the capitalised profits of 144,000 *l.*?—Yes.

5596. That requires correcting, does not it, because out of that 7½ you have only raised actually 198,000 *l.*?—Yes.

5597. Therefore what you meant to say was, that that was the amount of capital authorised and issued?—Yes.

5598. There now remains 160,000 *l.* to call up?—Yes.

5599. And you have also a further borrowing power amounting to 25,000 *l.*, and 175,000 *l.* has been borrowed?—Yes.

5600. *Chairman.*] In fact, you are in a position to look forward to several years before you would find it necessary to go for an Act of Parliament?—Yes.

5601. And therefore you are independent of the Act of 1868 for some time?—Yes, and we think with Mr. Cardwell, that not being before Parliament, we ought to be exempt from any legislation now..

5602. Mr. *Bristowe.*] Do I understand you that this 144,000 *l.* you were allowed to capitalise was to replace moneys you could have divided by way of dividend, and that had been invested in plant?—Yes, that was so.

5603. Then how could you divide that; I suppose you mean that you could divide back dividends antecedent to 1860?—We could.

5604. And so have applied it if you pleased?—Yes; this 144,000 *l.* was so much per cent. reserved out of dividend every year, and laid out in works which we might have added to the dividend, and did not do so.

5605. Therefore when you fell under the prescribed rate you could still have paid back dividends that had been under a certain amount?—Yes.

Mr. E. Horner.
17 June 1875.

5606. You had no prescribed rate before the Act of 1860?—No.

5607. But instead of paying the full dividend that you could have paid, you expended part on your plant?—Yes.

5608. *Chairman.*] Your company was one of the companies whose position was inquired into by Mr. Cardwell's Committee, I suppose?—I do not know; I never appeared there. I think not.

5609. Mr. *Bristowe.*] You accounts are in this Blue Book, therefore it must have been so?—The previous chairman would have undertaken that business, therefore I do not know anything about it.

5610. You said in part of your evidence that with the improvement in the manufacture, you could get as much gas from one ton of coal now as you did from two?—No; what I said was, that during the time the three or four companies were in the same street, two tons of coal were used when only one was wanted, because the produce of one ton was lost in leakage. For instance, if the Metropolitan Board had carried their Bill to compete with us, they would probably have leakage as much as we do now.

5611. *Chairman.*] The title "Surrey Consumers Gas Company," was that arising from its being a company started by the consumers to supply themselves?—Professedly it was so.

5612. But it did not long remain so?—It remains the same company, but the shares have changed hands, and there are not many of the original proprietors in it now.

5613. Mr. *Cripps.*] I see your company did petition against the Bill of 1867?—Very likely.

5614. Mr. *Bristowe.*] I see on the table with regard to the Phoenix Gas Company in 1866, your share capital is put down at 774,000 l.?—Yes.

5615. In the return of 1873, it comes to 882,000 l.; does that mean that you issued fresh capital between 1866 and the year 1873, so as to account for the difference?—It would be so, I suppose; I know that capital has been issued since that time.

Mr. Corbet Woodall, sworn; Examined by Mr. Richards.

Mr. C. Woodall.

5616. You are Chief Engineer to the Phoenix Gas Company?—Yes.

5617. And an Associate of the Institute of Civil Engineers?—Yes.

5618. How long have you been engaged as a gas engineer?—Independently, for about 12 years.

5619. And how long have you been in the Phoenix Company?—I have been six years in the Phoenix.

5620. Have you the sole control of the Vauxhall and Bankside stations with respect to the details of their workings?—Yes.

5621. Do you regulate the storing of the coal?—Yes.

5622. And the distillation of the gas from the coal?—Yes.

5623. And the purification of the gas, and the constant testing of the gas, the repairs of the works, as well as the extension of the works under capital account?—Yes.

5624. The chairman has told us that you constantly work one station against the other, and compare the two, and compare your accounts with other companies?—Yes.

5625. As you are the person who actually manipulates the coal, to what illuminating power do you work habitually?—The instructions of the Board are 15½ candles.

5626. From 15 to 16 candles?—Yes.

5627. That is exactly as if you were supplying 14 candles under penalties?—That is so.

5628. It is necessary to give a margin of one or two candles in order to be safe from contingencies?—Yes.

5629. In order to do that, you have to use a greater per-centage of cannel?—Yes.

5630. What
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Mr. C. Woodall.

17 June 1875.

5630. What per-centage?—From 2 to 5; 3 per cent. is the average.
5631. According to the quality of the coal?—Yes.
5632. That you have accurately watched from hour to hour?—Yes.
5633. If you were compelled by any Act of Parliament to produce 16-candle gas under penalties, you would have to produce gas from $17\frac{1}{2}$ to 18 candles?—Yes.
5634. Which would involve a considerable increase in cannel?—Yes.
5635. What increase of cannel would it be?—It would be an increase of at least 6 per cent. on what we now have.
5636. It would be from 8 to 11?—Yes.
5637. The cannel coal is much more expensive than ordinary coal, is it not?—Yes.
5638. The cannel coal-field is limited?—Yes.
5639. The greater the demand, the more you find yourselves in the hands of the cannel coal-dealers?—Yes.
5640. I will not take you through the dividends you have paid; the chairman has told us that; in 1869, can you tell us what the amount of your capital was for every thousand feet of gas sold?—Between 19 s. and 20 s.
5641. We took it at 19 s. 8 d.;—Yes, it would be about that.
5642. What was it in 1874?—16·07.
5643. We may say 16?—Yes.
5644. Had there been any increase in the capital expenditure between 1869 and 1874?—Yes.
5645. And notwithstanding that increase of capital, the amount of capital per 1,000 feet was reduced from 19 s. 8 d. to 16 s.?—It was so.
5646. Does that show a want of due care and management?—I think not. In the item of amount per 1,000 feet of gas required to pay dividend, improvement is conspicuously seen. In 1869, the dividend required $19\frac{1}{2}$ per 1,000; in 1874, $15\frac{1}{2}$ paid it.
5647. That also showing a gradual reduction in your scale?—Yes.
5648. What is the rate of dividend upon capital?—£. 8, and a small trifle.
5649. And about 5 d. or 6 d.?—Yes.
5650. Now, with reference to your coke, you have heard what Mr. Horner stated as to the coke; do you confirm what he said?—Yes.
5651. You use your utmost endeavours to get the best price you can?—Yes.
5652. I will not take you through the details of it; you have stated the amount that you require for dividends, and so on; in comparing yourselves with this model South Metropolitan, in the item of dividend and interest, how do you stand?—There is a difference of 4 d. 8 per 1,000 feet in their favour.
5653. That is to say, that 4 d. 8 less will pay their dividend than will pay yours?—Yes; we require 16 d. to pay the dividend, and they require 11 d. 24.
5654. I see you have here a table in which you explain the difference in prices charged for the gas by the Phoenix and the South Metropolitan Companies?—Yes, I have.
5655. Have you a copy of that?—Yes.
5656. I see you have got the amount in 1869, 1870, 1871, 1872, and 1873?—Those years have been used for comparison.
5657. On one side is the amount required for dividend?—Yes.
5658. That seems to range higher all along than the South Metropolitan?—Yes.
5659. Although yours diminishes, and the South Metropolitan does not; in 1869 the Phoenix Company required 19 d. 5 for their dividend, and the South Metropolitan, 12 d. 6?—That is so.
5660. And so it runs on all through, until you come out with an average difference of 5 d. 8 at the end?—Yes.
5661. That being so, I will pass on to the net cost of coal in 1869; the net cost of coal seems to have been to the Phoenix 9·47 in 1869, and the South Metropolitan 9·42; that is a difference of 0·05?—Yes.
5662. In 1870, the Phoenix was 8·86, and the South Metropolitan 8·52, the difference 0·107.

Mr. C. Woodall.

17 June 1875.

difference being $\cdot 34$; in 1871, the Phoenix was $9\cdot 91$, and the South Metropolitan $8\cdot 36$, the difference being $1\cdot 55$?—Yes.

5663. In 1872, the Phoenix was $10\cdot 73$, and the South Metropolitan $8\cdot 58$, the difference being $2\cdot 15$; I observe, in 1872, the South Metropolitan seems to have a greater advantage over you than in any other year; why is that; can you explain it; there is $2\cdot 15$, in 1872, in favour of the South Metropolitan?—I really cannot explain the difference in the proportion.

5664. In the next year, 1873, it goes down again; the Phoenix is $12\cdot 22$, and the South Metropolitan $11\cdot 14$; the difference is $1\cdot 08$, giving an average difference in the year of $1\cdot 03$?—In 1873, as Mr. Horner explained, we were purchasing coal at a lower rate, therefore the advantage of the South Metropolitan in the matter of coke sales was not so palpable, or does not come out in the net cost so palpably.

5665. Again, working expenses; taking 1869, 1870, 1871, 1872, and 1873, yours were $\cdot 35$ higher in 1869, $\cdot 51$ lower in 1870, $\cdot 92$ higher in 1871, $1\cdot 33$ higher in 1872, and $2\cdot 42$ higher in 1873, making an average difference of $\cdot 90$; that is on working expenses?—Yes; these figures are per 1,000.

5666. *Chairman.*] Why have your working expenses risen in comparison with the South Metropolitan in the last three years?—In the last three years we have been under the necessity of making very considerable renewals of our works.

5667. Mr. Brassey.] Which you have not charged entirely to capital account?—No, we have not charged them at all to capital account.

5668. *Chairman.*] And this accounts for the difference?—The difference is entirely upon the item for wear and tear; upon all the other items there is an advantage to the Phoenix.

5669. Especially you have an advantage in wages?—Yes.

5670. Mr. Richards.] Have you any advantage in wages?—We have, uniformly.

5671. A uniform advantage?—Yes.

5672. As to renewals; the renewals are wear and tear?—Precisely.

5673. Not capital account?—No.

5674. *Chairman.*] You put that to revenue account?—We do.

5675. Were they strictly renewals, or was any of it fresh plant?—In the event of the renewal being an increase of the producing power of the works, the difference would be charged to capital; but in this case especially it has been renewals fairly and properly chargeable to that account. I may remark also that the South Metropolitan has been exceptionally low in this year, making that difference still more conspicuous.

5676. Mr. Brassey.] So that you use the same discrimination in placing the charge against revenue and the charge against capital account, which would be exercised in the case of a company where the dividend was not guaranteed?—Certainly.

5677. *Chairman.*] You consider that it is revenue's business to keep all plant which has been bought out of capital in good working condition?—Up to its proper value.

5678. Mr. Richards.] And when you come to renewals, if you simply renew the thing, you charge it to wear and tear alone?—Yes.

5679. But if in addition to renewing you produce something of larger capacity, and more productive power, you charge restoration to wear and tear, but the additional productive power to capital account?—Yes, as Mr. Chubb explained, in reference to mains, in his evidence.

5680. Following out this Paper, I see on taking a "difference in cost and ditto in actual charge," you bring out a differential balance in 1869 of $1\cdot 87$; in 1870 $1\cdot 81$; in 1871, $\cdot 79$; in 1872, $\cdot 57$; and in 1873, $1\cdot 61$; and an average of $1\cdot 01$?—Yes.

5681. That difference being in favour of the South Metropolitan Company?—No; that is difference between the amount that we actually charge in excess of the

the amount charged by the South Metropolitan, and what is accounted for in this Table. Mr. G. Woodall.

17 June 1875.

Chairman (to Mr. Richards).] I think it is hardly necessary for you to bring out further the facts with regard to the actual management of the business of the company. We are prepared to admit that there seems to be no proof, as compared with the South Metropolitan, of want of due care and management so far as the manufacturing business is concerned. That leaves the capital question entirely outside; but I do not think you need take up further time upon that matter.

5682. *Mr. Richards.]* You come constantly in contact with Dr. Letheby and Mr. Heisch who test the quality of your gas?—With Dr. Letheby, the examiner, in the London district.

5683. Is it constantly kept up to the point you have named?—Constantly.

[The following Tables were delivered in :—]

TABLE to Explain how the Difference in Prices Charged for Gas by the PHENIX and SOUTH METROPOLITAN COMPANIES is accounted for.

	1869.			1870.			1871.			1872.			1873.			Average Difference.
	Phoenix.	South Metropolitan.	Difference.	Phoenix.	South Metropolitan.	Difference.	Phoenix.	South Metropolitan.	Difference.	Phoenix.	South Metropolitan.	Difference.	Phoenix.	South Metropolitan.	Difference.	
Amount required for Dividend -	19.51	12.68	6.83	18.36	12.32	6.04	17.72	11.86	5.86	17.31	11.84	5.47	16.07	11.24	4.83	5.81
Nett cost of Coal - - -	9.47	9.42	.05	8.86	8.52	.34	9.91	8.36	1.55	10.73	8.58	2.15	12.22	11.14	1.08	1.03
Working Expenses - - -	15.75	15.40	.35	15.81	16.32	.51	15.90	14.98	.92	16.90	15.57	1.33	17.08	14.66	2.42	.90
						6.38										
						.51										
Difference in Cost - - -	-	-	7.23			5.87			8.33			8.95			8.33	7.74
Ditto in Actual Charge - - -	-	-	9.10			7.68			7.54			9.52			9.94	8.75
Balance - - -	-	-	1.87			1.81			.79			.57			1.61	1.01

The balance in each year represents the difference in the sum carried to reserve fund by each company.

Mr. C. Woodall.

17 June 1875.

TABLE showing the Advantage obtained by the SOUTH METROPOLITAN COMPANY, as compared with the PHOENIX, in the Sale of Coke.

YEAR.	PRICE.		Difference in Chaldrons.	Amount.	Being Equal to a Difference per 1,000 Cubic Feet of
	Phoenix.	South Metropolitan.			
	s. d.	s. d.	s. d.	£.	d.
1869 - - -	7 1·3	8 8·5	1 7·2	8,695	2·16
1870 - - -	7 4·5	9 2·4	1 9 5	8,434	1·98
1871 - - -	6 9·3	8 9·9	2 0·6	10,466	2·30
1872 - - -	9 2·9	11 8·6	2 5·7	13,239	2·90
1873 - - -	14 6·2	19 3·2	4 9	26,092	5·20

These differences are due almost solely to the position of the works of the South Metropolitan, which, being about two miles distant from any other works, monopolise the entire district, while in almost all the other cases the companies compete with each other.

TABLE showing the First Cost of Coal, the Residual Products, and the Net Cost per Ton of Coals, of the Phoenix Company as against the South Metropolitan, for Five Years ending 1873.

YEAR.	First Cost of Coal per Ton.		Residuals per Ton.		Net per Ton.	
	Phoenix.	South Metropolitan.	Phoenix.	South Metropolitan.	Phoenix.	South Metropolitan.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
1869 - - -	14 2·30	14 8·50	7 7·54	7 6·03	6 6·76	7 2·47
1870 - - -	13 8·98	14 4·03	7 5·33	7 11·48	6 3·65	6 4·55
1871 - - -	14 2·82	14 1·71	7 0·91	7 11·94	7 1·91	6 1·77
1872 - - -	16 3·90	16 7·09	8 10·80	10 3·20	7 5·10	6 3·89
1873 - - -	22 2·18	24 10·37	13 2·47	16 5·08	8 11·71	8 5·29
Average of Five Years - - -	16 1·63	16 11·14	8 10·21	10 0·35	7 3·42	6 10·79

N.B.—The first coal shows that the Phoenix in every year but one purchased their coal cheaper than the South Metropolitan, and that the average for the five years is in favour of the Phoenix. The net cost being against them because the South Metropolitan get a better price for their coke.

Cross-examined by Mr. O'Hara.

5684. You said that if you gave 16-candle gas under penalties, you would have to use a considerably larger amount of cannel coal than you do now?—Yes.

5685. How much do you say that is?—I should say at least 6 per cent.

Mr. C. Woodall.

17 June 1875.

5686. Should you use as much as that if you used lime to purify?—We should lose at least 6 per cent. to produce the two candles.

5687. I do not ask the question as to producing two candles, I ask you this, you supply a certain gas now; if the Bill passes into an Act, prescribing the minimum illuminating power at 16 candles, how much more cannel coal will you have to use?—Six per cent. at least.

5688. And that even if you were to use lime for purifying?—No, I have left that out of consideration altogether, because the increased cost of using lime for purification would be quite equivalent to the amount of cannel that we at present use. By using lime we should probably, as Mr. Livesey said, be able to dispense very nearly with the use of cannel coal, and yet keep our present illuminating power.

5689. If you used lime you could do with a considerably smaller amount of cannel, or do away almost entirely with it?—Oh, dear no; I said that in adopting lime for purification, instead of oxide, it would enable us to dispense with the proportion of the cannel which we now use; but if we add two candles to our illuminating power we should have to use 6 per cent. of cannel, even with the lime.

5690. You said just now that the capital for every 1,000 feet of gas made had fallen between 1869 and 1874?—I did.

5691. From 19s. 8d. to 16·07s.?—Yes.

5692. Is any part of that fall due to the increase in the consumption of gas?—Yes.

5693. A considerable amount?—Yes.

5694. Can you say how much of that diminution between 19s. 8d. and 16·07s. is due to the increased consumption of gas?—It seems to me that it is all due to that, except the further item that we have slightly increased the quantity of gas sold per ton of coal used. If our business had not increased, we could not possibly have diminished the proportion existing between the two; we should have stayed where we were.

5695. Now, admitting that your business increases in the same ratio, and your capital remains the same, you may look with confidence to a still further diminution?—I think we may.

5696. How much per cent. do you estimate the increase in consumption?—About 4 per cent.

5697. That is on the average 4 per cent. per annum?—Yes.

5698. Then in five years, in that way, it would amount to 20 per cent.?—Yes, slightly more.

5699. As between you and the South Metropolitan, they charge no meter rents?—They do not.

5700. And you do?—And we do.

5701. What do you charge for meter rents?—Per thousand feet of gas?

5702. Yes?—I think it amounts to about $\frac{3}{4}$ d.; about ·7 per thousand feet of gas. In this table (No. 1) I have left out of consideration meter rents altogether, because this balance is plus the amount we receive for meter rents, and these are simply items of comparison, and we add that to our reserve fund, plus meter rent.

5703. *Chairman.*] Comparing the position of your consumers with those of the South Metropolitan, your consumers have to pay the meter rent?—Yes.

5704. Mr. O'Hara.] You charge 0·17 of a penny for meter rent; do you charge meter rent all the year round?—Yes.

5705. It comes to 0·17 of a penny?—I do not say that; I cannot give you the figures. My impression is that it is more like 0·7 of a penny. I find at page 5 of Mr. Field's book of 1873, there is this. I am pretty nearly right, because in the case of the South Metropolitan there is a debit against them for repairs of meters amounting to 0·68 of a penny. In the case of the Phoenix, I am right in saying that this item to our credit has already been debited with the cost of repairs, so that those two items are fairly to be put together.

5706. *Chairman.*] They neither of them explained the thing to me. What I want to know is what you charge your consumers per 1,000 feet of gas for meter rent?—Then I should say, presuming that we do our repairs for the same amount, if it costs the South Metropolitan Company 0·68 of a penny to keep the meters in repair, and we keep our meters in repair, and have a balance of 0·17, it amounts to a charge upon the consumer of ·85 of a penny.

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Mr. C. Woodall.

17 June 1875.

5707. Do not you charge it to the consumer in the account you send in?—Yes.

5708. You charge to the consumer so much for meter rent?—Yes.

5709. What do you charge them?—We charge a rate per annum for the meter, and there may be passed through it 1,000 feet of gas or 20,000 feet of gas.

5710. Mr. O'Hara.] What is the annual revenue that you derive from meter rents?—That I cannot give you.

5711. Mr. Brassey.] It is a light burden upon the consumers?—Yes; I should think about 2,000 l.

5712. That would be taken into account by the Commissioners in determining the rate to be charged for the gas in the year when you apprehend a difficulty in making a dividend?—Yes, it is an item of revenue.

5713. Therefore whatever amount you charged as meter rent would be deducted in the sum allowed to be charged for the gas?—Yes; that is assuming us to come before the Commissioners.

5714. Mr. O'Hara.] Looking at that map, what is there different in your position from that of the South Metropolitan and the London for the disposal of coke; your works are close to Vauxhall, where you sell your coke; take the Phoenix and the London?—At Vauxhall we manufacture gas and distil the greater portion of our coal, and we have close to us the Pimlico Station of the Chartered, and the very large works of the London Gas Company at Nine Elms; and the quantity produced within the radius that would embrace those two is so large that the demands of the neighbourhood do not anything like meet it, therefore we sell a large quantity of it to go away down the river in large parcels, and the result is that we make contracts in advance, and we are obliged to do so, because the works at Vauxhall are limited in extent in proportion to the amount of work done there. We cannot store very largely, and consequently we are unable to take advantage of any considerable rise in price, like those who are able to sell the whole of it from the works.

5715. How do you account for your being in this position, when the London and the South Metropolitan, who are close to you, are in a better position. The London Company, for instance, get as much as the South Metropolitan for their coke?—I was not aware of it. Are you quoting from the year 1873; I find in that year that it is so.

5716. I find the London, who are next door to you, average per 1,000 sold 18·24, and yours is 15·98, that is in the year 1873; and I see also in the same list that the South Metropolitan are only 1·100th of a penny better than the London. Can you account for the London being able to get a better price for their coke than you can?—I think I can to a certain extent. They have very much more extensive premises than we have, and they have an open side, as it were, from their works, extending out some distance, whereas we are surrounded on both sides by other coke-producing works.

5717. Mr. Brassey.] Compare yourselves with the London for 1872?—In the year 1872 we obtained slightly more for coke than the London Company did; but in that year the three companies are as nearly identical as possible; the London being a halfpenny per 1,000 feet less than the Phoenix.

5718. Chairman.] Whence does it arise that in 1869 you got more per 1,000 feet sold for your coke than the South Metropolitan Company did, and in 1870 you got almost the same price, but in 1871 you began to get so very much less?—The important item is this; there is a difference in our method of carbonising coal, and we sell 10 per cent. more coke from each ton of coal than do the South Metropolitan Company, so that the disparity is greater than appears by the returns.

5719. That is in consequence of your conducting your affairs more economically?—Yes; we sell, as a rule, nearly 80 per cent. of the coke we make, and the South Metropolitan about 70 per cent.

5720. Mr. O'Hara.] As you make your gas under favourable circumstances fully as cheaply as the South Metropolitan, the reason you charge more is due to the amount of capital that you have invested?—Largely.

5721. Can you tell me how much of that capital has been invested since 1860?—There is a difference, compared with our present capital, of 500,000 l.

5722. That is about another 500,000 l.?—Yes.

5723. Since 1860, you have issued more capital than the whole capital of the South Metropolitan Company?—I think that is so.

Mr. C. Woodall.
17 June 1875.

5724. *Chairman.*] Can you tell me what your sale of gas was in 1860?—I have not got it.

5725. You can get it?—Yes.

5726. *Mr. O'Hara (to the Witness).*] Will you undertake to get that table for the Committee?—I will.

Re-examined by Mr. Richards.

5727. When you are asked as to the capital issued in 1860, and you state that it amounts to more than the whole of the South Metropolitan capital, do you include in that the capitalised profits of the 144,000 l.?—Yes.

5728. So that you must deduct the 144,000 l.?—The increase of our capital account has been more than equal to the whole capital of the South Metropolitan Company.

5729. When you are looking to the amount of capital invested in the works since 1860, you must deduct the 144,000 l.?—Yes.

5730. And the South Metropolitan have added at least 80,000 l. out of their profits to their capital?—Yes.

5731. Which would be represented by your 144,000 l. capitalised?—Yes.

5732. You have been asked something about lime for purifying; purifying by lime creates about as great a nuisance as it is possible for a human being to create?—It does.

5733. And it is almost impossible to use it where the works are situated in a thickly populated neighbourhood?—Yes.

5734. The difficulty of removing is very great?—Yes.

5735. There is little or no market for it?—Removing has to be paid for.

5736. When you live in the middle of a town you cannot bring or dispose of it in that way?—No.

5737. In the Acts of 1868 and 1869, in which the referees have unlimited control over the purifying processes, there is an express reservation that they are not to use lime where the use of lime would be a nuisance to the neighbourhood?—I believe that is so.

5738. It was put to you by my learned friend, that looking at the past, and to the reduction of the capital per 1,000 feet, if you go on as you have been going on, you may look to a still further reduction in the future?—It must be within reasonable limit.

5739. Must not you also look to the necessity of a further capital expenditure in order to meet the further demand?—Certainly. I believe in the current year there will be a reduction in the amount required for dividend as compared with 1863; as Mr. Horner said, we are rapidly filling up our works, and shall have to build further ones, and then the difference will go the other way, and we should spend more than would be represented by our increased rental.

5740. When you get down to the minimum there is a necessity for a further capital expenditure, which is larger than is momentarily necessary, and has to be reduced as years go on?—Yes.

5741. *Chairman.*] You have been a gas engineer many years?—I have, all my life.

5742. And you have seen a great many improvements in the manufacture of gas?—I have.

5743. And, I suppose, you do not consider that you have got to the end of them?—I hope not.

5744. Of course they will enable the gas to be produced at a less cost if they are improvements?—Yes, or an improved quality.

5745. To get the same amount of light at less cost?—The improvements, so called, have been costly ones latterly; there have been improvements in the chemical purity of the gas, which have been exceedingly costly to the companies having to adopt them.

5746. But they have enabled you to produce more light at less cost, have they not?—No.

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Mr. C. Woodall.
17 June 1875.

5747. But they have enabled you to get rid of the noxious effects?—The so-called noxious effects.

5748. You do not believe that science has reached its limit, even as regards the cost of gas?—I should be very sorry to say so.

5749. That being the case, what is your opinion of the proposition now before the Committee, which was chiefly supported by Mr. Livesey, who like you is an engineer, that a gas company should be able to get an increased dividend upon supplying gas at less cost?—I do not like it at all personally; I think it introduces an element of gambling which is not at all wanted. The competition already existing between the companies is very keen; they all strive their utmost to reduce the price.

5750. When you say it introduces an element of gambling, it would merely introduce this fact, that a fresh discovery would tend to the advantage of the shareholders as well as the public?—A fresh discovery would.

5751. So that "gambling" is hardly the word for it, is it?—I meant it more in relation to management; there might be an attempt to show fictitious profit, in order to secure the advantage of such a scale.

5752. That is a very important consideration; can you tell us how it might work?—I could hardly put it very clearly, but it suggested itself to me at the moment; I have heard objections raised to paying engineers according to results, on such a ground as I have named, that temporarily, it could only be within narrow limits, and especially in a concern watched over by the board of directors; but within narrow limits, it might be possible, for a year, to make fictitious returns.

5753. Would not it tend, in so far as it had any effect at all, to put the company in the position of a private manufacturer or of a company that had no statutory dividends, in this respect that it would give them the stimulus of a profit upon economical working, and it would also give them a stimulus of loss from a costly working?—I am afraid I shall not answer that very directly; I consider we have at present a very great stimulus to economy, and I cannot see that it would be in any way fair, that from circumstances over which we have no control whatever, the dividends of the shareholders should be reduced. On the other hand, it is plain from the evidence that you have had from the chairman, that the dividends already paid are regarded as satisfactory, and therefore I think there is no justification for decreasing those from circumstances which are not due to improper care and management.

5754. Have you been engaged as engineer in private works?—Yes, I have; and I have served far six years under a corporation.

5755. As regards the action of private manufacturers, there the profits of the concern depend entirely, do they not, in the economical and good management of the business?—Yes.

5756. Does not there appear to you to be some advantage in putting the gas companies in the position in which manufacturers generally are to some extent?—Do you bear in mind that we are now under regulations whereby wasteful expenditure may be watched and checked.

5757. That is an answer suggesting an alternative, but do you not think there would be an advantage perhaps counterbalanced by disadvantages, but that there would be an advantage in putting the gas companies upon the same conditions of profit and loss as those which apply to manufacturers generally?—I must say I do not.

5758. What is there in a gas company which would make it better that they should be independent of the laws of trade or production?—It would not be an improvement, I say, on the system already prevailing, whereby, if by proper care and management we can earn our dividends, we get them, and if we cannot, we must still suffer. I think it has been anything but proved that the gas companies have a guarantee altogether, irrespective of due care and management.

5759. Supposing you earn more than 10 per cent. dividend upon your capital, it would be possible for you to get that dividend by issuing fresh capital, and for your shareholders to get it?—Yes.

5760. I do not say that the directors do this, but do not you consider that there is something in that system which would be an inducement to do it?—I do not at all. It seems to me that it would be suicidal, apart altogether from its dishonour; it would be exceedingly injurious to the concern to do it, because to be everweighted with capital is an injurious thing. We find from the

costs

costs of the site of our works, and the purchase of interest already existing upon them, that we are burdened as compared with the South Metropolitan. The constant effort of our company is to reduce that burden.

Mr. C. Woodall.

17 June 1875.

5761. I want to see how that is an idle issue, and why it is dangerous to you, when you consider that you have a claim to a dividend upon the whole of the capital, and hitherto you have been able to maintain the rate?—We have not uniformly hitherto maintained the rate.

5762. Ever since the Act was passed you have got your 10 per cent. dividend?—Of course, we earned it by better management.

5763. I want to see how there is any danger to your company in being what you call over-weighted with capital?—It is more difficult to earn a dividend.

5764. But then you have what is tantamount to a security for it?—We have a security.

5765. It being what you consider tantamount to a security?—Not an absolute security.

5766. You would say, no amount of capital you are likely to invest would endanger your receiving your dividend, if you went up to the full price of 1860, which is 4 s. 6 d.?—Yes, I agree with you.

5767. And, by your Act of 1860, you have the right to the 4 s. 6 d., if it is necessary to produce a dividend upon your capital?—Yes, unless bad management can be shown.

5768. Then I do not quite see how you believe, as you evidently do believe, that it is against the interest of your directors to put out as much capital as they can?—I say, that the circumstances in which my company and others are placed, the Chartered and the London Companies, for instance, are circumstances that have arisen in the course of our trading which we have hitherto regulated, and have sought to meet. Our company, as compared with others, has a heavy weight of capital; that is a matter that fairly stimulates us to try and bring it into bounds.

5769. I can understand it stimulating you with the natural love which a man who understands his business has for doing a thing as well as he can, but how does it stimulate the directors?—Because the directors must feel that as the absolute value of their plant is increased in proportion to the business done, so is its stability and value to them increased.

5770. Surely the larger their plant the greater is the dividend that is paid to the shareholders; and inasmuch as 10 per cent., and even $7\frac{1}{2}$ per cent. is very much above the usual return for capital, it must be an advantage to them to have as much capital out as possible?—From that point of view, yes. I was simply going to say that a sliding scale would have just as much inducement if it worked downwards, as was proposed in 1866; that is, that if the price of gas was reduced below the minimum that the dividend should go up, if there was a margin left within which it should not operate, which was, in fact, the suggestion made by Mr. Livesey in his address to the gas managers.

5771. What was his suggestion?—That a sliding scale should be adopted with a range within which it should be inoperative; say, for instance, that the dividend of the company should be increased if the price went below 3 s. 6 d., but should not diminish unless the price went above the maximum charged by the Act of 1860.

5772. For illustration, say that above 4 s. it should be less than 10 per cent., and below 3 s. 6 d. it should be more than 10 per cent.?—Yes; then the inducement, so far as it would exist, would be there, without the unfairness of taxing the company for variations over which they have no control. It is unfair to suppose that circumstances such as existed in 1872 and 1873 will not occur; they may occur, and then such a price as is proposed now would be utterly inadequate for the payment of anything like a fair dividend upon the capital, and that from causes over which the company would have no control. I must say I fully agree with Mr. Burke, that if we did go down we should have agitation again; and I think with Mr. Chubb, that the feeling of the consumers is not so much that the price of gas is too high, as that the dividend of the Company is too high.

5773. I understand that it is not your proposition, but you think there is less objection to the proposal if there be a certain range of price, which is inde-

Mr. C. Woodall.

17 June 1875.

pendent of variation?—Yes. I say the inducement would be as strong, and the unfairness would be removed.

5774. That is to say, for illustration, suppose the dividend is fixed at 10 per cent. for a price varying from 3 s. 6 d. to 4 s., but that above 4 s. the dividend shall be lower, and below 3 s. 6 d. the dividend shall be higher?—Yes, the inducement then would be there.

5775. Mr. Bristowe.] I understand you mean that if the principle of an up and down sliding scale is to be adopted, you think there ought not to be a fixed point, but a point above and a point below, between which there should be no variation, up or down?—I should like to mention, if the impression is that this inquiry has arisen from dissatisfaction of the district, that I am totally unaware of it. I altogether deny that this inquiry has arisen from dissatisfaction in the district. So far as we who are concerned in the management of the works are aware, there is no such feeling.

5776. Chairman.] How do you account for the fact, that one does observe from time to time there is a great deal of notice in the newspapers?—Yes, it comes within a very small compass.

5777. Mr. Talbot.] Have not you found a certain amount of complaint as to the quality of the gas supplied?—We have not; there always will be a certain amount of that, but that there is anything like the agitation represented I deny.

5778. Have you found complaints as to the noxious character of the gas, and as to its damaging furniture, and so on?—I have never met with any such complaint at all. There was a Commission to inquire into that matter which made a Report.

5779. Would you tell me also as to any probability of any light superseding gas; have you any opinion upon that?—It is impossible to have an opinion. I know that not a year passes without our having to inquire into one matter or another, professing either to cheapen or provide a substitute for gas.

5780. Do you look upon that as an element in the value of gas property?—I certainly do.

5781. And the uncertainty which such a state of thing produces?—I do.

5782. Mr. Bristowe.] You said that your present gas is up to 16-candles?—No; 15½-candles.

5783. Is it tested by the Sugg-burner, of which we have heard?—The London burner.

5784. Do you agree with the evidence that that is equal to the 12-candle, as tested by the old argand?—Certainly not.

5785. Chairman.] What do you think it is equal to?—I have never found the difference between the two equal to more than 1·3; that is between the burner adopted after the passing of the Act of 1860, and the burner now used as the standard burner.

5786. You consider that your old 12-candle stipulation is about equal to the 14-candle now?—I should think so.

Mr. Rohde Hawkins, sworn; Examined by Mr. Richards.

Mr. R. Hawkins.

5787. You are Chairman of the London Gas Company, are you not?—I am.

5788. And have been a director of that company for eight years?—Yes.

5789. Your family have been largely connected with it?—Yes.

5789*. You have only one establishment, I believe?—Yes.

5790. Where is that situated?—At Nine Elms.

5791. Those are the works we see as we come along the South Western station, leaving Waterloo?—Yes.

5792. You have works on both sides of the railway, have you not?—Yes.

5793. You have some gasholders on one side?—Yes, we have some gasholders, but we are not using them.

5794. You have a chief engineer?—Yes.

5795. Is

5795. Is the expenditure in every part of the works accurately investigated and laid before the Board every week?—It is.

5796. Is it accurately investigated and analysed?—Yes.

5797. You have not one station to work against another?—We have only one.

5798. Which you carefully compare with your previous workings, and with the workings of the other companies from time to time?—Yes.

5799. And do you exercise every possible care and economy in the manufacture?—Yes, we do.

5800. There is a very earnest competition, is there not, between the several gas companies to produce the gas at the lowest price?—Yes, it is a moral competition.

5801. Can you have, by any possibility, greater security for your property than the production of an article at the lowest possible price?—No.

5802. Because each company feels a pride in being able to produce the gas at a lower rate than its neighbour?—Yes.

5803. It may be a ridiculous thing to feel, but that is the feeling?—Yes.

5804. *Chairman.*] You mean moral competition, as distinguished from a competition which generally exists among traders to get as much money as they can?—Yes.

5805. *Mr. Richards.*] The desire amongst producers to get as much money as they can is, in the case of gas, accompanied by an attempt upon the part of the consumers to attack the gas companies?—Yes.

5806. Have you not found that your best and most prudent course is to produce the article at as low a price as possible, consistent with the rights secured to you in the shape of dividend?—Certainly.

5807. And will you tell me what possible inducement could have operated in the year 1872 upon the Imperial Company to reduce from 3 s. 9 d. to 3 s. 8 d. but that feeling?—I have no doubt their object was to stand well with the public.

5808. You are one of the companies under the Act of 1860, I believe?—We are.

5809. I will not ask you to repeat the same formula as the other witnesses, but do you take the same position as Mr. Horner did as to the Phoenix?—Precisely, except that I may say we take a stronger ground; that is, that whereas Mr. Horner and some of the other companies are under the legislation of 1860, my company, as late as 1866, was before a Committee of the House of Commons for a private Bill. Sir John Trollope was the chairman; we had heard that he was not very favourable to gas companies, and yet after the closest investigation of our position, that Committee enabled us to raise something like 400,000 l. more capital. Therefore I hold that, taking the Act of 1860, supplemented by the larger power of that Act of 1866, our position is an exceedingly strong one; and anything that interferes with it would be even more unjust to us than to the other companies.

5810. I think, with reference to your company, it has been stated that there is a clause in that Act of 1866 which renders you liable to adopt any change which may affect any four other metropolitan companies; or something to that effect?—I have the Act here: "If by any Act or Acts hereafter passed relating to any four or more of the 12 other companies, subject to the provisions of the Metropolis Gas Act, 1860, provision be made for reducing the price of gas supplied by any four or more of such companies below that for the time being charged by the company, or for increasing the illuminating power beyond that of the gas supplied by the company, then and in each such case the company shall reduce their price for the same kind of gas to the average of the maximum price to which the four or more other companies are limited, or as the case may be, shall increase the illuminating power of the same kind of gas to the average of the illuminating power of such four or more other companies, and Her Majesty's Principal Secretary of State for the Home Department may enforce such reduction in price or increase in the illuminating power accordingly in manner provided by the Metropolis Gas Act, 1860."

5811. A legal question exists as to whether you are or not, at the present moment, brought under the Act of 1868 by the operation of that clause; or at any rate, it is suggested that if the Commercial Company should be brought

Mr. R. Hawkins.
17 June 1875.

under the Act of 1868, the London will follow by virtue of that clause?—I cannot see it.

5812. You contend that you are not at present liable to the Act of 1868?—We are not.

5813. And you contend that even if the Commercial Company actually comes under the Act of 1868, you will not be liable to the operation of the Act of 1868?—I do not see how we can be. This clause says that we shall “reduce our price for the same kind of gas to the average of the maximum price to which the four or more other companies are limited.” The companies under the Act of 1860 have a maximum price, to which we are limited, that maximum price being 4 s. 6 d. at our own option, and 5 s. 6 d. if the Secretary of State approves of it. But as I read the Act of 1868, there is no limit; there is no maximum price.

5814. There is a price named, subject to revision?—Yes; but that is not a maximum price.

5815. I do not wish to argue the question; but whatever the view advanced on the opposite side may be, you do not accede to their reading of that section?—No.

5816. And according to your judgment you remain under the Act of 1860?—Yes.

5817. Being under the Act of 1860, do you join with Mr. Horner in the protest he made in the beginning of his evidence, *valeat quantum*?—Yes.

[The following Tables were handed in as an Appendix to Mr. Thomas Nesham Kirkham's Evidence:—]

METROPOLIS GAS COMPANIES' BILL.

IMPERIAL.

GREATEST DELIVERY of GAS in One Day in each Year from 1869 to 1874

Years.				Date.	Cubic Feet.
1869	-	-	-	24 December	17,396,000
1870	-	-	-	24 „	19,603,000
1871	-	-	-	23 „	20,394,000
1872	-	-	-	24 „	19,953,000
1873	-	-	-	24 „	19,879,000
1874	-	-	-	24 „	23,352,000

17 June 1875.

METROPOLIS GAS COMPANIES BILL.

IMPERIAL.

SMALLEST DELIVERY of GAS on Sunday, Saturday, and on ordinary Week Days,
in each Year from 1869 to 1874.

Years.	Sundays.		Saturdays.		Ordinary Week Days.	
	Date.	Cubic Feet.	Date.	Cubic Feet.	Date.	Cubic Feet.
1869 - -	27 June -	3,448,000	26 June -	5,252,000	25 June -	4,552,000
1870 - -	19 „	3,641,000	25 „	5,580,000	22 „	4,513,000
1871 - -	18 „	3,713,000	24 „	5,998,000	27 „	4,824,000
1872 - -	16 „	3,634,000	22 „	6,088,000	17 „	4,925,000
1873 - -	22 „	4,877,000	21 „	6,143,000	2 „	5,142,000
1874 - -	21 „	4,190,000	27 „	6,506,000	25 „	5,540,000

METROPOLIS GAS COMPANIES' BILL.

IMPERIAL.

The NET AMOUNT realised for COKE on every Ton of Coal Carbonised at each of the
several Stations of the Imperial Gas Company; also the Average of the whole of the
Stations, for each of the Years from 1867 to 1874.

Years.	Pancras.	Shoreditch.	Fulham.	Bromley.	Average.
	s. d.	s. d.	s. d.	s. d.	s. d.
1867 - - -	7 0·1	5 2·6	4 3·0	- -	5 5·9
1868 - - -	5 10·3	5 2·3	4 7·0	- -	5 2·5
1869 - - -	5 6·0	4 10·5	4 2·9	- -	4 10·5
1870 - - -	6 1·9	5 7·6	5 1·8	- -	5 7·8
1871 - - -	5 7·8	4 9·8	4 8·2	- -	5 0·4
1872 - - -	7 5·0	6 9·7	6 4·3	- -	6 10·3
1873 - - -	12 6·0	10 7·3	10 1·2	- -	11 0·8
1874 - - -	6 10·5	6 2·9	5 11·5	5 6·2	6 1·8

Friday, 18th June 1875.

MEMBERS PRESENT:

Mr. Birley.
Mr. Bristowe.

Mr. John G. Talbot.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

Mr. Rohde Hawkins, re-called ; and further Examined by Mr. Venables.

Mr. R. Hawkins.
18 June 1875.

5818. You yesterday gave your reasons for believing that you were still under the Act of 1860. Not to pursue that, you have always considered it, and have acted upon the assumption that you were under the Act of 1860?—Yes.

5819. And therefore the illuminating power which you are obliged to give is 12 candles?—Yes.

5820. What is the illuminating power that you actually give?—It depends upon the burner that you test by, but judging by the burner of 1860, we should assume that we give from $14\frac{1}{2}$ to 15-candle gas.

5821. That is by the burner of 1860?—Yes.

5822. How do you regard the proposal to pass an Act to enforce a new regulation upon the company altering the terms on which the capital was raised?—We consider that the whole of our capital has been raised upon the same principle throughout, by agreement between Parliament on the one side and our company on the other, which was first affirmed in 1860, and again recognised in 1866.

5823. In 1866, when you promoted the Bill of which you have spoken?—Yes, when we promoted the Bill, and fresh capital was given to us.

5824. And those terms it is proposed to alter by the present Bill?—Yes, those terms are proposed to be altered by the present Bill.

5825. And you, like the representatives of the other companies who have been called, appear to object to it?—Certainly.

5826. To return to the question of illumination, do you concur with other witnesses, that the standard of illumination ought not to be higher than that which can be supplied by common coal?—Certainly.

5827. Probably for the same reason that the cannel coal is practically more or less a monopoly?—Yes, and it is very limited in quantity, and if we use a much larger quantity in London we should unsettle the price enormously, and it would act injuriously, not only upon the London consumers but upon the consumers in the large towns of the north, who burn a great quantity of gas made from cannel coal.

5828. Is it possible to make the cost of gas to the company, whatever may be done with the prices, uniform?—I do not see how it is possible.

5829. The largest of all the elements which enter into question of cost being coal, and another large element being labour?—Yes.

5830. And that you cannot control, of course?—No.

5831. What do you consider with regard to the 3s. 9d.; is that an excessive price?—Certainly not, at the present time.

5832. At the present time, is it even a remunerative place; I do not know whether it is so in your case or not?—In our case I should consider at the present time, with coals and products at their present price, we might manufacture at 3s. 9d.

5833. But if the price of coal rises, as it has done before, would it be possible, retaining your dividends, to supply it at 3s. 9d.?—Certainly not.

5834. It has been suggested by several of the witnesses on the other side, that

Mr. R. Hawkins.

18 June 1875.

a gas company has no motive in studying economy, and producing cheap gas; what is your opinion upon that point?—Considering that there are two companies in the metropolis supplying gas at a cheaper rate than ourselves, there is also an element of disturbance in finding yourselves alongside people who, although they cannot actually compete with you, do exercise moral pressure upon you.

5835. That is your neighbour?—My neighbours, the South Metropolitan and the Independent; they both manufacture and sell cheaper than we do.

5836. And that exercises a moral pressure upon you to produce as cheap as you can?—Most decidedly.

5837. Under the Act of 1860, you were authorised to charge an ordinary maximum of 4 s. 6 d., and on certain terms a maximum of 5 s. 6 d.?—Yes.

5838. You, as well as the other companies, have not been in the habit of going to your extreme limit, I believe?—We never did so till 1873.

5839. You never went up to it?—We were at 4 s. 6 d. in 1860, and we gradually reduced the price from that time up to 1873.

5840. When did you begin to reduce it?—It was before I was connected with the company.

5841. But after the Bill was passed?—After the Bill was passed. I see we reduced the price in 1856 partially; it was 4 s. and 4 s. 6 d. in 1856.

Mr. Bristowe.] That is your return which was handed in to the Committee of 1867 (*handing a paper to the Witness*).

5842. Mr. Venables.] In 1863 it is 4 s. 6 d. part of the year, and then 4 s.?—Yes, it was 4 s. 6 d. lowered to 4 s. in 1866; those higher prices of 5 s. and 4 s. 6 d. are for outlying districts.

5843. What was the regular price?—Four shillings and sixpence, and it was then lowered to 4 s.

5844. How long before 1873 had you been below your 4 s. 6 d.?—We appear to have lowered to 4 s. 6 d. in 1866, and I think it was in 1868 or 1869 that we lowered to 3 s. 9 d.

5845. You remained at that, how long?—Till 1873.

5846. And then, under the powers of the Act of 1860, you raised it to 4 s. 6 d.?—Yes.

5847. We will not discuss what the Act was, but you raised the price?—Yes.

5848. That is the highest you have charged?—Yes.

5849. Consequently you have never exceeded your ordinary maximum, even in the dearest year?—No, we have not.

5850. What is it now?—It is now 4 s.

5851. And I suppose it will be reduced further if the price of coal goes down?—And if we are freed from very heavy legal expenses in this case.

5852. I daresay you have had your attention called to the legislation, which has not affected you, of 1868 and 1869?—Yes.

5853. What is your opinion of the comparative advantage and convenience of the system under which you have worked and the system under which the companies, subject to those Acts, have worked?—My own feeling is that in all mercantile transactions the freer you leave the manufacturer the more likely, if he is an honest man, is he to make an economical arrangement of his business; and as in our case we cannot divide more than a certain rate of interest, all that economical arrangement which I believe we should be able to make would be for the benefit of the consumer. In point of fact, my own feeling is that free labour is a great deal better than slave labour in this as in everything else; and if the board of directors are honourable and careful men, the public will gain the advantage, the freer they leave us in our operations.

5854. I was rather asking you in this case to compare the machinery of the Acts of 1868 and 1869 for revision by Commissioners, with the provisions for increasing the price in your Act of 1860?—I meant that to a certain extent; that of course did tie the hands of the companies more than in 1860. With regard to the actual revision, it is simply this, that we are enabled to raise the price when we see fit, without the expense of the revision, and that revision appears to have been extremely costly to the two companies, or rather to the public, whenever it has taken place. We have never gone as high as the two companies under revision.

Mr. R. Hawkins.
18 June 1875.

5855. You would be able to watch the state of the market and other circumstances which affect the question and to begin to rise earlier and not necessarily to go up by so sudden a rise?—We might, but in a particular case such as 1873, when we did rise, we did not rise as early as the other companies under revision; they rise from the 1st January, and we rose from the 25th March.

5856. They being obliged to go for a revision, and being obliged to take precautions beforehand?—Yes.

5857. What is your opinion of the operation of the reserve fund?—It enables the rise and fall to be made more gently; that is the operation of it really. A very little would obviate any rise at all, because having a small reserve fund to go upon from time to time, you may go to it without having a rise. In one half year we were 3,000 *l.* or 4,000 *l.* to the bad; if we had been under revision, we should have been entitled to go and have the whole of our working gone into at great expense in order to recoup that money, but we had a reserve fund and took the 3,000 *l.* or 4,000 *l.* out of it.

5858. And for that reason it must be occasionally to the advantage of the consumers for the company to have a reserve fund?—Enormously, in a case like that.

5859. What do you say as to the principle of the sliding scale as now proposed; it is to slide up with the reduction of price, and down with the increase of price; what do you say to that?—I seems to me to be directly opposed to what I consider to be a sort of contract made between Parliament and the companies. If the whole principle of a sliding scale was submitted *de novo*, it would be worth going into, but I, as representing a gas company with a Parliamentary guarantee almost of my dividends, am not prepared to go into that.

5860. Would the proposal of the sliding scale act as a sort of substitute for the reserve fund; you have already expressed your opinion that the reserve fund is a desirable thing?—Yes, certainly.

5861. Consequently if that involves the taking away of the reserve fund, that would be objectionable?—Yes.

5862. Do you think it for the advantage of the companies, even if it did operate in that way, that they should divide a much larger dividend than the 10 per cent.?—Certainly not.

5863. Upon what grounds?—Merely to pay a larger dividend than 10 per cent. would simply subject us to more attacks upon the part of the Metropolitan Board of Works, or any other body of people who are interested in keeping down our profits.

5864. And a lower dividend would not excite any compassion?—No; we should not get any consideration on that ground.

5865. You mentioned that you drew 3,000 *l.* from your reserve fund in one half year; upon another occasion you drew a considerably larger sum, did not you?—Yes; we drew as much as 10,000 *l.* in one year.

5866. You know the proposal of the Bill, do you not, about the appointment of the referees, and the persons by whom they are to be appointed?—Yes.

5867. Is it better to have them appointed as two representatives of the contending parties, and one impartial referee, or to have them appointed by an independent authority?—We would rather have them appointed by the Board of Trade; the other would only create litigation.

5868. You know who the three present referees are, do you not?—We do not come under them at all, and I do not know who they are.

5869. It is also proposed to increase very much the penalties for any infringement of the provisions of the Act; do you think that necessary?—No.

5870. The penalties, such as they are, have been found sufficient, have they not?—AmPLY.

5871. Have you, in the case of your company, had complaints of the non-compliance with the Act?—I know of no case.

5872. Then you would probably say that there was no case made out for an aggravation of penalties?—Certainly not.

5873. Another proposal is, that the Metropolitan Board of Works should have the right of audit as well as an efficient auditor; would it be a convenient thing?—Certainly not.

5874. I suppose the very object of appointing an independent auditor is to check the accounts of the companies, and do you think it is a sufficient check?

—We are not under the public auditor at all. We make a return of our accounts annually to the Board of Trade, and they may look them over as they please, but we are not under the public auditor as the other companies are.

Mr. R. Hawkins.

18 June 1875.

5875. Should you like to have a body like the Metropolitan Board of Works auditing your accounts?—I should not like it, and I do not think the public auditor would much like it.

Cross-examined by Mr. Cripps.

5876. I do not know whether you have the advantage or disadvantage of being a lawyer?—No, I have not that advantage.

5877. I want to ask you about your construction of these Acts of Parliament. Do not suppose that I want to argue the construction with you, but only to get a notion as to how the Acts of Parliament are to be read. In the first place, do you assume that there were no revision clauses under the Act of 1860?—I really cannot say.

5878. Do you assume that there is no power to limit the price under the Act of 1860, the machinery being different, but the substance the same?—The real fact is that no attack has been made upon us on the strength of these Acts; we have been going on with general approval, and I am ignorant of most of the clauses.

5879. You told us in your evidence yesterday, and again to-day, what your idea was with regard to these Acts; and I want to see how far you have considered them?—I gave no opinion upon the Act of 1860 yesterday.

5880. Are you aware that under the Act of 1860, if you want to raise your price above 4 s. 6 d., or the price you were charging at the time when the Act of 1860 passed, which might be 5 s., and 4 s. 6 d. in some cases, that you would have to go before a tribunal in order to get it done?—Before going beyond 4 s. 6 d., no doubt, we must obtain the consent of the Secretary of State.

5881. And not only that, but parties might be heard, and there might be a proceeding before him to investigate whether that price was a proper one or not?—Yes.

5882. Then, so far as that part of the matter goes, the only difference between 1860 and 1868 is a substitution of commissioners, specially named by the Board of Trade, for what was the Home Secretary in 1860?—But we have a margin up to 4 s. 6 d.

5883. The only difference in the revision is in the machinery provided by which it is to be arranged?—Yes.

5884. Then the substantial difference is this, that in the one case you do not have to go before any tribunal so long as you charge not exceeding 4 s. 6 d., in the other, you must go before a tribunal if you want to exceed 3 s. 9 d.?—Yes.

5885. In other words, that the maximum price which could be charged without the revision in 1860 was 4 s. 6 d., or what you were then charging in 1868 it was 3 s. 9 d.?—Exactly.

5886. Are you aware that the maximum price to be charged upon revision is the same in both Acts. The maximum price which any company can obtain, whether under the Act of 1860 or 1868, the maximum price which the Commissioner in the one case or the Home Secretary in the other could give, is 5 s. 6 d.?—I must take your word for it; I am not acquainted with the Act of 1868.

5887. You expressed so strong an opinion about the Acts, both yesterday and to-day?—I did not refer to the Acts of 1860 or 1868 yesterday, and the only Act I was asked about yesterday was our own private Act of 1866.

5888. Those Acts have a very direct bearing upon that Act. The maximum price which the parties can get upon revision is 5 s. 6 d. in any case. The Commissioners appointed by the Board of Trade have no power, whatever may be proved before them, to give more than 5 s. 6 d.?—I was not aware of that.

5889. In point of fact you, like the other companies, never have gone above the price of 4 s. 6 d., or the price you were charging in 1860, and therefore there has never been any proceeding under the Act of 1860?—No.

5890. And you know perhaps that there never has been in any other company?—Yes.

5891. What has brought about the revision under the Act of 1868 is the difference

Mr. R. Hawkins.
18 June 1875.

difference in the initial price being 9*d.* lower in the one case than in the other. You could rise up to 4*s.* 6*d.*, and still have no local authority to apply to and no revision. You know that those companies under the Act of 1868, could not do so if they wanted to go beyond 3*s.* 9*d.* Bearing that in mind let me ask you as to what you stated yesterday about the meaning of the clause in your Act of Parliament; you know the section very well; "The Company" there, is the London Gas Company?—Yes.

5892. The words are, "If by any Act or Acts hereafter passed relating to any four or more of the twelve other companies subject to the provisions of 'The Metropolis Gas Act, 1860,' provision be made for reducing the price of gas supplied by any four or more of such companies below that for the time being charged by the company, or for increasing the illuminating power beyond that of the gas supplied by the company." Assuming that the price charged by the company for the time being is correct, supposing a revision is introduced into four Acts of Parliament for reducing the price to 3*s.* 9*d.*, subject to revision, by which they could be raised to the maximum of 5*s.* 6*d.*, do you mean to say you believe you would not be compelled to limit your price to 3*s.* 9*d.*?—You ask my opinion upon the construction of a clause in the Act of Parliament. I am no lawyer, and cannot give it.

5893. You gave very fully your impression of it yesterday; I want to know what your impression of it is; do you assume that supposing provision were made for regulating the price of gas supplied by four of the 12 companies below the price of 4*s.*, charged by your company, that you would not have at once, by virtue of that clause, to reduce yours to 3*s.* 9*d.*?—If the maximum price was named beyond which the four companies could not go, we should be bound, as I understand this clause, to reduce our price to that maximum price.

5894. What do you mean by the maximum price; supposing the price is 3*s.* 9*d.*, which cannot be exceeded except by revision, and you can only go to 5*s.* 6*d.*, 3*s.* 9*d.* is the maximum price, subject to revision, is it not?—The price, subject to revision, is not the maximum price.

5895. I thought that was your impression; I want to make clear what your impression is; you believe that the meaning of that is, that a provision being made in the Acts of any four companies for reducing to 3*s.* 9*d.*, as the maximum price, except there is a revision, means really nothing, unless the maximum price named were 5*s.* 6*d.*; is that what you really think?—It appears to me, as far as I can understand this clause, to a great extent, to mean that.

5896. What upon earth was the object of putting such a clause as that into the Act of Parliament?—I do not know.

5897. That is your impression?—Yes.

5898. Is that the impression of your company, that if an Act of Parliament is passed, which says, "The price of the company shall not exceed 3*s.* 9*d.*, unless they go for a revision;" that does not compel you to reduce your price to 3*s.* 9*d.*?—I answered that before, but I cannot undertake to explain the clause in an Act of Parliament; it is not my business to do it; but I will say this, you have had this Act of Parliament, and this clause; you mentioned it in your opening speech, and Mr. Newton mentioned it in his evidence, and the Metropolitan Board have never acted upon it. Mr. Newton said that he considered that we were under the Act of 1860.

5899. There is a question at this time, whether any of the four companies have actually applied, but your answer yesterday goes much beyond that; your answer is that if a fourth company is added, and makes an application, still you will not be compelled to reduce to 3*s.* 9*d.* but only to 5*s.* 6*d.*?—That, when the time comes, will be referred to the proper legal authority.

5900. You have not considered the effect of the application of the Commercial Company in this year, for instance, to this Committee; if you have not, I will take it for granted, but you gave such an opinion about it yesterday that you must excuse my calling attention to it; whoever was examining you at that time seems little surprised at your answer, and to have asked you, at Question 5814, "There is a price named subject to revision." To which you answer, "Yes, but that is not a maximum price." Is it your impression that the price named, subject to revision, is not what is meant by the maximum price?—Yes.

5901. It is the maximum price, subject to revision, is it not?—It is a price, subject

subject to a revision. I do not know how it is the maximum price. If you can go higher I cannot see how it is a maximum.

5902. And you could go to 5 s. 6 d. under the revision, as you could do under the Act of 1860; but that is your impression?—Yes.

5903. I suppose I should get from you much the same answer as I have got from others about the objection to the sliding scale, that it is the wickedness of the Metropolitan Board of Works prevents you accepting it?—No, it is a direct breach of the engagement between us and Parliament.

5904. You consider Parliament has made a contract with you?—To a considerable extent I should call it a contract.

5905. In 1860 you came under the same provisions as the other companies, did not you?—Yes.

5906. You had no Bill of your own before Parliament then?—No.

5907. It was a Bill for the general regulation of the gas companies, as this is?—Yes.

5908. Did you oppose?—I do not recollect; I was not connected with the company; I assume that we opposed it.

5909. And Parliament imposed those conditions upon you?—Yes.

5910. Just one word about those conditions imposed upon you; your dividend I see prior to 1860 was, comparatively speaking, a poor one; you will see it at page 312 of the Appendix to Mr. Cardwell's Report; for some years prior to that I see you divided nothing?—No.

5911. But in 1858 you got up to 3 per cent.?—Yes.

5912. It was in 1857, just preceding that, that the informal districting, or the districting not sanctioned by Act of Parliament had taken place amongst you?—I will take that from you.

5913. In 1860 you had got to 5 per cent. and 6 per cent.?—Yes.

5914. In 1861 you got to 7 per cent.?—Yes.

5915. One thousand eight hundred and sixty-two, and during every subsequent year from that time, you have divided 10 per cent.?—From 1863 it appears here; 1861 and 1862 were 7 per cent.

5916. In 1863, that is three years after the limitations imposed upon you by the Act of 1860, you divided 10 per cent., and you have never failed since that time?—No.

5917. I may assume that from that time, for those years up to 1863, you had the highest possible motive for economy; you seem to have risen by districting, in a few years, from 3 per cent. to 10 per cent.?—Yes.

5918. It has gone on for 12 years at 10 per cent.?—Yes, it has.

5919. Assuming the price to have remained the same, is there any other reason that you can suggest why that prosperity should have gone up so rapidly to 1863, and then have remained at a dead level ever since?—There is no other reason than what?

5920. Any other reason than the reduction of price. You see that under the excitement of the possibility of getting 10 per cent. after the districting, you rapidly rose the price to 10 per cent.?—

5921. But there you remain?—We could not get any higher.

5922. All you have done since is to reduce the price 6 d. to the consumer, and for a short time 9 d.?—Yes.

5923. And now you charge 4 s.?—We are at 4 s. now.

5924. First of all you reduced to 4 s., and then to 3 s. 9 d., and you are 4 s. again?—Yes.

5925. During those years, and up to a very late period in 1873, there was no great difference in the price of coal to account for this, was there?—It varied, but not very materially.

5926. Then this continuous rise in prosperity may be fairly attributable to better management; that is all we have to attribute it to if the price of coal was the same?—Better management.

5927. And an inducement to get 10 per cent.?—And a cessation of competition.

5928. The inducement to get 10 per cent., and the consequent economy of management?—Yes.

5929. Can you have any doubt, looking to that and reasoning from the past, that if you have a sliding scale you could in the same way in a year or two go on with increased prosperity, so as to be enabled to divide a larger dividend than

Mr. R. Hawkins.
18 June 1875.

10 per cent. ?— I have very serious doubts of it. Coals are very dear, and the labour market is exceedingly unsettled, and we have to buy iron, and we have to buy retorts, and a variety of materials for carrying on our business, all of which are dearer now than they were.

5930. You know Mr. Field's Tables ?— I have them here.

5931. Do you know that those Tables show that in point of fact there is scarcely an appreciable rise in the cost per 1,000 feet for the item of wages ?— I think it would only show that we are really working remarkably well.

5932. It may show that, but with reference to your former answer as to the uncertainty of wages : wages at the present time are not materially dearer than they have been ?— They are 30 per cent. dearer than they were 10 years ago.

5933. And you are making an increased quantity of gas ; taking the price due to labour for every 1,000 feet of gas, do you know that the amount chargeable out of that price for labour is not materially more than it has been ?— It is a matter of fact, and for whatever it is worth it is down in that book.

5934. *Chairman.*] Will you turn to page 2 of Mr. Field's book of 1869 and 1873, and explain how much were your wages per 1,000 feet sold ?— Per 1,000 feet sold in 1869, there were 4·82.

5935. And in 1873 ?— 5·72.

5936. That is your company. Now take the whole average ; you will find that of 1869 at the bottom of page 2 ?— 4·86 against 4·98.

5937. That would appear to show that your wages have risen more than the average of the wages ?— Yes.

5938. *Mr. Talbot.*] Do you know what your wages have been in 1874 ?— They have not been worked out yet ; a little less, I think.

5939. *Mr. Cripps.*] Are you aware of the fact that the rise in prices in the two years that the Chairman has put to you, taking the average of all the London companies, is inappreciable ; yours is a penny different ?— Mine is close upon a penny.

5940. Yours is rather more than the average ?— Considerably above the average.

5941. But the average is much smaller ?— Yes.

5942. Now a word about the coal ; what do you pay now for coal ?— We pay 16 s. now.

5943. What price were you paying in any of the former years ; in 1858, 1859, 1860, or in 1870 ?— Fourteen shillings and ninepence, 15 s., and 13 s. 9 d.

5944. Your present price is not materially more than the average price of some years, going some way back ; it has fallen again ?— It has fallen again.

5945. Now passing from those two matters of wages and coal, as affecting what you can do in the future, a very material matter would be the amount you have to set aside for dividend, would it not.

5946. What is the amount of dividend per share which your share capital at present requires ?— I think about 7½ or 7¼ per cent.

5947. Supposing the new capital which you have henceforth to raise, were to be raised at a price not exceeding 5 per cent. and your business were to go on, you would require a less sum per 1,000 cubic feet of gas sold, to pay your dividend every year, would not you ?— Yes.

5948. And that saving, looking to the future, would be very considerable, would it not ?— I do not know that it would ; it would be a long time before I would want to avail myself of the additional capital.

5949. You see that the sliding scale, in the way proposed, makes it perfectly fair to the companies that all their future capital should be raised as low as possible, and raised at 5 per cent. or not exceeding 5 per cent. ?— I do not know what you mean by perfectly fair.

5950. Just consider that question ; does not the proposed sliding scale up and down make it perfectly fair to the companies that their new capital should be raised at a rate not exceeding 5 per cent. ?— I do not think I quite understand the question ; I do not see how the sliding scale affects the fairness or unfairness of our raising capital at a low rate.

5951. Supposing

Mr. R. Hawkins.

18 June 1875.

5951. Supposing new capital to be raised at 5 per cent. ?—Yes.

5952. The amount you would then require out of every 1,000 cubic feet of gas to pay your dividend, would be less than if you had to pay 9 per cent. and 10 per cent. ?—Yes.

5953. Then you get the benefit of it in a sliding scale ?—I confess that I am very stupid about that ; I do not see why the sliding scale is to do better.

5954. Has it not occurred to you in that point of view that the sliding scale up and down has a material effect upon what can be done fairly with reference to future capital. The future capital at 5 per cent., or at a lower rate of interest, will enable the company to work cheaper, will it not ?—No doubt.

5955. Working cheaper will enable them, *cæteris paribus*, to have a larger dividend upon the capital ?—If you mean that we could get our capital a great deal cheaper, the sliding scale would not injure us as much as it would under the present circumstances.

5956. I put it far beyond that ; would not it be a direct benefit for you, or anybody interested in the sliding scale, to have the future capital of the company raised at as low a rate as possible ?—If I were interested in the sliding scale it would.

5957. It is perfectly fair to have the new capital raised at as low a rate as possible ?—If you screw me down to an arbitrary price like a sliding scale, the lower I can raise the capital the better.

5958. I hope I have converted you to the sliding scale now ?—No, certainly not.

5959. Now a word about the reserve ; if you can get in one year by the sliding scale an amount more than the 10 per cent., and that is left in your own hands, and you divide it amongst your shareholders, it is a reserve against any decrease in the scale ?—I do not see how it is a reserve to make up dividend if it is out of my hands.

5960. If it goes out of your hands it goes into the pockets of the shareholders ?—You will not let me have more than 10 per cent.

5961. Is it not, to all intents and purposes, a reserve ?—I cannot see that.

5962. What is to prevent the shareholders, who would divide by the sliding scale 2 per cent. more than 10 per cent., saying, Let us keep that 2 per cent. against a time when the dividend may go down to 8 per cent.

5963. My learned friend suggests that he would rather it was kept by somebody else than kept by himself ?—I do not understand that your Bill would enable the gas companies, if they in any year made money enough to pay 12 per cent., to put 2 per cent. of it quietly by into the reserve fund, without lowering their price.

5964. What would it signify ; if the shareholders desired to have it, you are compelled to pay it over ; if they desire somebody else to keep it for them, you or anybody else can keep it for them ?—It is clear to common sense that if we locked up a sum for a year or two, I should be sitting here and you would be standing there again on behalf of the Metropolitan Board to get it out of us.

5965. Now, we have got rid of all your objections except this one ; you do like having your accounts seen by the Metropolitan Board ; you say it would interfere with you and the auditor ?—At present we are working without it, and I would rather not have it.

5966. What is the object, do you suppose, of keeping your accounts at all, after you divide 10 per cent., or of these accounts being accurately kept ; is it not that the consumers shall take care that, subject to 10 per cent., they get the benefit of the cheaper price ?—Our accounts are kept, not for the consumers, but for the Board of Trade.

5967. Is it not the object of the Board of Trade to protect the consumer ?—Probably.

5968. In other words, after you have divided 10 per cent., the whole interest in the remainder is in the consumer, and not in the company, at present ?—There I differ from you ; I say that it is materially to the interest of the company to work as cheaply as possible, and reduce the price whenever they can.

5969. For the benefit of the consumer ?—Yes.

5970. If your accounts show that you can divide 10 per cent., the interest of anybody in the accounts is the consumers' interest ?—Yes.

5971. But you object to the consumers, or anybody else on behalf of the consumers, thoroughly examining the accounts ?—You never asked us. We

Mr. R. Hawkins. hand them to the Board of Trade. Anybody can get them. They are published.
18 June 1875.

5972. You object to our having full opportunity of seeing the accounts?—No; nobody asked us whether we objected to an auditor from the Board of Trade; but when a gentleman of high authority and reputation is put in by the Board of Trade, we object to the Board of Works sending another auditor to audit him.

5973. But at the same time you admit that the Board of Works, representing the consumers, are the parties having the real interest in the accounts, and their being kept correctly?—So they have.

Re-examined by Mr. Venables.

5974. As to the matter of audit, you do not object to anybody seeing the accounts?—Our shareholders may come in, and anybody else may examine the accounts.

5975. But here is a question of somebody on behalf of the Metropolitan Board of Works having the power to examine your books, and to go through the whole, and audit them independently of the auditor?—Exactly.

5976. And that would be to a considerable extent turning an independent audit into a contest?—Yes.

5977. That the auditor would represent a body who have an adverse interest to you?—Yes.

5978. With reference to your interpretation of the Act of 1860, though I do not want to pursue it, it would appear, if Mr. Cripps' contention is right, that you are to reduce your price of gas to the ordinary maximum prescribed to any company, and although that company had the power of going to the Commissioners to raise the price, I do not see any provision that you should go to the Commissioners to raise the price?—No.

5979. Consequently the suggestion is that the Act must mean that you should reduce your price to their ordinary maximum, and that when they go up by revision you should not go up by revision; it seems to me to imply that?—Yes, it does.

5980. You were asked about the price of labour, and you said that in the case of your company, as appeared by the Tables, it had risen about 25 per cent. in 1873 as compared with 1869?—Yes.

5981. Is there not the element in the cost of labour of the new arrangement about doing no work on Sundays?—We have done away with working on Sunday, and we make certain allowances to the men in consequence.

5982. By doing away with working on Sundays, does it increase your cost?—It does slightly increase the cost.

5983. *Chairman.*] Are you different from the other companies in that matter?—Most of the other companies manage to work very slightly on Sunday.

5984. And you do not work at all on Sundays?—We work hardly at all; our engineer will be before you, and he is so thoroughly acquainted with the detail that he will tell you more about it than I can.

5985. Mr. Venables.] Have you any authorised capital uncalled up?—Yes, we have.

5986. How much?—Altogether we have about 175,000 *l.* uncalled.

5987. How much of that is loan capital?—We have power to call up 141,465 *l.* in shares, and 38,332 *l.* on loans.

5988. What interest can you give on the share capital?—Six per cent.

5989. I do not know whether it is suggested that you should be compelled to raise that capital at a lower rate than that at which you have authority to raise it?—Yes.

5990. Mr. Bristowe.] Those figures are not in the returns of 1873?—No; I have given 1874.

5991. But you have no fresh power to raise capital since 1874?—In 1866 we had power under that Act, which I have mentioned, to raise additional capital, 300,000 *l.* 6 per cent. preference, and 100,000 *l.* on loan; the balance unraised is 179,797 *l.* We have a certain number of shares issued; of not called up there is 155,000 *l.*

5992. Those shares are issued?—Yes.

5993. How much have you left not issued at all?—About 155,000 l.; there is 109,000 l. of share capital not issued, and borrowing powers to the extent of 38,000 l.

5994. Mr. Venables.] Mr. Cripps demurred to my objection, that it was proposed to interfere with your raising it; it was also suggested that the sliding scale would put pressure upon you to raise it at a lower rate; if you were bound to raise capital at a lower rate, it would affect your issue of shares?—Yes.

5995. They are entitled to allotments at 6 per cent., and it would force them, according to Mr. Cripps, to be content with this?—Yes.

5996. As to the reserve, it was suggested that if you made, under the sliding scale, in any year 12 per cent. you might put by 2 per cent.; you could not do that according to the provisions of the Bill?—I do not understand the Bill so.

5997. There is no provision for a reserve at all?—No.

5998. You would be absolutely debarred in a good year or a bad year, from laying by anything for the reserve?—Yes.

5999. Is this a practical suggestion that the shareholders say, in a certain year, being entitled to 12 per cent., you should get the shareholders to consent to divide only 10 per cent. and keep the 2 per cent. yourselves; would that be a very hopeful thing?—I think not.

6000. To keep back 2 per cent. yourselves, you must have the consent of every single shareholder to the arrangement, must you not?—Yes, I should think so.

6001. And it is suggested, as an alternative, that the shareholder, after he has it, may keep it as a reserve for himself?—Yes.

6002. That is not a very practicable suggestion?—No.

6003. Any such thing as that would not conduce to the advantages which you think are obtained by the reserve?—No.

6004. It would not enable you to avoid raising the price, and doing the other things which you say the reserve would do?—No, it would not.

6005-6. Chairman.] You are charging 4 s. at present to your consumers, are you not?—Yes.

6007. You just at a very small corner come across the South Metropolitan, which is a cheap, company, and charges 3 s.?—Yes.

6008. Why have you got to charge 1 s. more than your neighbour?—On account of capital.

9009. You put it entirely upon capital?—I think so.

6010. What was your capital in 1860; can you get me that?—It must be 650,000 l., I think, as far as I can make out.

6011. What is it now upon which you have to pay a dividend?—£. 844,000.

6012. The same as it was in 1873?—It may be slightly more; that includes loans and everything.

6013. Your loan is how much?—Our loan then was 100,000 l.

6014. What is the per centage on your loan?—Four and a half and five per cent.

6015. Take the share capital only; in 1873 I see it is 722,302 l.?—Yes.

6016. What was it in 1860?—In 1860 it appears to have been 550,762 l.

6017. Inasmuch as you have to charge your consumers more on account of your having spent more money, why should you have to raise so much more capital for the supplying of gas than your neighbours, the South Metropolitan Company?—I have not the figures of the South Metropolitan Company since 1860. I do not know how much additional capital they have spent.

6018. If you turn to page 201 of the evidence you will see that a table was handed in by Mr. Stevenson, and there it appears that the dividend and interest per 1,000 feet sold in your company was 1 s. 3 d. 5, and in the South Metropolitan it was 11 d. 3?—Yes.

6019. That of course does not mean anything like the difference between your charge and the South Metropolitan charge?—Our capital stands at a far less rate of interest than theirs.

6020. I want to know why the consumer in your district has to pay 1 s. more

Mr. R. Hawkins.

18 June 1875.

than the consumer in the South Metropolitan district; that must arise from one or two things, either that the cost of your gas must be greater, or that a much larger proportion of every 1,000 feet has to go to dividend on capital; it must arise from one of those things, or perhaps from both. Do you consider that your gas is much more costly to produce than that of the South Metropolitan?—No, I believe we are working quite as cheaply as the South Metropolitan, as far as that goes.

6021. That puts it all upon the capital?—Yes.

6022. It appears by this that you have only to pay 1 s. 3½ d. to make up your dividend as compared with the 11 d. of theirs?—Yes.

6023. That will not account for your charging 1 s. more?—I have accounted for 3 d., that we have kept on to meet the expense of this inquiry.

6024. What will 3 d. produce you?—I do not quite know.

6025. We can soon get at that; we will see what you have sold?—Three pence will make about 12,000 l. in the year; 3 d. rental produces about 12,000 l.

6026. Do you really expect that this inquiry will cost you anything like 12,000 l.?—No; but we will take it off as soon as we see our way out of it.

6027. You have been much more foreseeing than the other companies. Do you think they have put on 3 d. for that purpose?—We had notices printed to send out to our customers reducing the price to 3 s. 9 d., and we withheld them when we found this inquiry coming upon us. We knew what it was to fight the Metropolitan Board of Works from old experience.

6028. Turning to the first table in Mr. Field's book, I find that your capital is put down at 18 s. per 1,000 feet sold, which is the highest of any, except the Chartered?—Yes.

6029. Why is it so very high?—You see the little memorandum at the bottom, it is exclusive of 46,000,000 cubic feet of cannel gas; we buy that, and send it out.

6030. What has that to do with your capital?—It would reduce the proportion of the price per 1,000 feet sold to about 17 s. and a fraction.

6031. Take the capital employed per ton, are you the highest of anybody, 17 l. 18 s. 10 d. I want to know why you have so very large a capital, especially as it is your opinion that the difference of the capital is the reason why you have to charge this price to the consumer?—It would be going back to the early history of the company, when we had to compete with the most wealthy and most powerful company in London, the Imperial Gas Company, that was one thing. Another thing Mr. Venables has mentioned, which was that we erected our works in the first instance upon leasehold property, fully expecting from time to time that we should have to renew; we were run out, and the Duchy of Lancaster refused to renew, and we had to buy a new site, and reconstruct our premises.

6032. Taking that answer which you have kindly given, that it is a great deal owing to your previous competition with the Imperial Company, does it seem to you altogether a fair thing that you should have a statutory power to charge higher than your neighbours, because in past years you had a competition with another company?—I would humbly submit that the whole question was gone into in the year 1866, and that the Committee then were at all events so far satisfied that they gave us power to raise additional capital.

6033. I have observed that you had additional capital given to you at 6 per cent.?—Yes.

6034. That is, I think, the lowest price put upon any additional capital?—It is a preference capital.

6035. Will you just explain to me what the provisions were in your Act of 1866, with reference to your capital; you refer to Clause 2, which is, "The company from time to time, by resolution passed at any ordinary or extraordinary general meeting or general meetings, convened with special notice of the purpose, may raise, by the creation in their undertaking of new ordinary shares or stock, or new preference shares or stock, at the option of the company, such additional capital as they may think fit, not exceeding in the whole 300,000 l.; provided always, that the rate of dividend on the new ordinary shares or stock shall not exceed 7 l. 10 s. per centum per annum, and the rate of preferential dividend on any new preference shares or stock shall not exceed 6 l. per centum

Mr. R. Hawkins.
18 June 1875.

per annum, and such preference shares or stock as shall be subject to the provisions contained in Part II. of 'The Companies Clauses Act, 1863.' Mr. Venables in asking you the question as to your unissued capital, said that it would not be fair to take away from the shareholders the right to the allotment of shares producing this amount of capital; have you any idea at all of what the money value of that right is; what it adds to the value of the shares?—It would depend upon the market value of the shares at the present time.

6036. When it was first known amongst your shareholders that you were going to issue, and had power to issue this allotment, did it make any alteration in the price of shares?—I do not know; I was not a director of the company at that time.

6037. Could you get for me what I asked Mr. Horner to get, to fill up part of this first table for 1860; that is, to give me your share capital, your loan capital, and the proportion per ton and the proportion per 1,000 feet sold for 1860?—I will do so.

6038. You said you gained by the Act of 1860; the absence of competition, supposing you had not got that gain, and that you were exposed to competition from, say your neighbour the South Metropolitan, would not that bring down your dividend?—It might. I must mention that we also sacrificed something in 1860.

6039. What did you sacrifice?—We had the power of paying back dividend, and as we had been 10 years without any dividend at all, we might have kept up our price to 4 s. 6 d., to the present day, and have kept paying them back again. Then we gave it up, and it was limited to six years; but we have done more than that. we have never paid back dividends at all.

6040. I have been looking at the history of your company, and I see that before 1860 you do not seem to have been very prosperous; for several years you paid nothing?—No.

6041. And then for a long time you did not get up to anything like the 10 per cent. dividend. After 1860 you got the 10 per cent. dividend. To what do you attribute that increase of prosperity?—I believe we worked a great deal better; we got rid of the competition, and I believe that our management was very superior.

6042. You put it mainly upon the competition?—Chiefly to the competition; we were running about all over London before.

6043. And therefore that was an advantage which the Act gave you?—Yes.

6044. Then the principle of that Act was that you were to get rid of competition, and in return be put under regulations?—Yes.

6045. Then you do not object to being under regulations?—We do not object to it so far as they are embodied in the Act of 1860, because they leave a considerable amount of latitude.

6046. But you object to being put under similar regulations to the Chartered or the Imperial Companies?—I think they are too stringent.

6047. Why?—First of all they compel us, the moment we advance beyond a price which our experience has shown us to be the lowest price at which we can work, to go to the expensive and irritating proceeding of revision.

6048. When you say the lowest price at which you can work, you mean the lowest price at which you can get the dividend that you got since 1860?—Yes.

6049. Not the lowest price at which you could work in the position that you were in before 1860?—No.

6050. And therefore you think you have some advantages by the Act of 1860, which you would in some measure lose by being put under the Act of 1868?—Yes.

6051. The present Bill wants to get rid of the Act of 1868, and in place of revision to put in another principle, which is, that you should be tempted to get a larger profit by lowering the price and that you should be tempted not to raise the price, because you would get less profit?—Yes.

6052. Why do you object to that?—Because it is an infringement of the principle upon which the whole of our capital has been raised since 1860.

Mr. R. Hawkins.

18 June 1875.

6053. That is rather giving a theoretical ground; you do not object to it simply because it is the infringement of a theory, but because you expect great practical injury from it; what is the practical injury that you expect?—I would adhere to the principle of the thing, because that is the principle mentioned in the Act, and that has been affirmed by Committees ever since. Our shareholders have paid their money upon that ground, and if that principle is infringed, the Metropolitan Board may come and start a fresh theory this year, and next year they may say we will have a third principle.

6054. If you keep so strictly to the principle, what do you consider that that principle gave you?—I think the principle was the bargain that we were to perform certain duties, and subject to our performing those duties we were to pay certain statutory dividends.

6055. The first thing I find in these Acts is that you are not to charge more than a certain price and are not to pay more than a certain dividend; that is in the 1860 and the 1847 Acts together?—Yes.

6056. I suppose you consider the Act does a good deal more than that, preventing your charging more than a certain price, or paying more than a certain dividend?—On the other hand our duties are to give gas of a certain illuminating power and a certain purity.

6057. I want to know exactly upon what ground you interpret the Act of Parliament which says, you are not to earn more than a certain dividend and not to charge more than a certain price, as giving you a right under all circumstances to earn that dividend?—The Act of Parliament imposed the duties and fixed the maximum price; we have kept below the maximum price and therefore we are entitled to have the maximum dividend.

6058. That is the link, and I want to know exactly how it is supplied. Parliament says, you are not to charge more than a certain sum, and that you are not to earn more than a certain dividend; how does it give you the right under all circumstances to earn that dividend?—Having limited that dividend, it rather implies that we are entitled to have the maximum if we can earn it.

6059. When you speak of it as a principle which you would not allow for a moment to be infringed, is it not a principle which is an inference from something, rather than an actual practical statement?—It is an inference which the public have supported to the extent of many millions of capital, invested in the companies; and if you ask the shareholders they would tell you that that was the distinct understanding on which they did invest their money.

6060. Which investments have been at 10 per cent. since 1860?—Not in my company at all; I am not earning 10 per cent.; I am taking the statutory dividends upon the capital, whatever we are authorised to pay; 6 per cent. in our case.

6061. I want to ask you in your judgment, what you think would be the practical effect of your being tempted on the one hand to lower the price, and being prevented from charging a higher price by the fear of losing your dividend?—It would give an element of uncertainty to our property altogether.

6062. An element of uncertainty if you can get more than 10 per cent., which you at present earn?—I do not believe we shall get more than 10 per cent.; they would say, we object to your getting more than 10 per cent.

6063. You suppose two things; first, that the Metropolitan Board, and their constituent, would not consider that the advantage of getting a lower price more than compensated any unpleasant feeling they might have in seeing you get 10 per cent.?—Yes.

6064. And you also suppose that Parliament would support them in that view; but supposing those two things do not happen, how do you think it would work?—I do not believe Parliament would support them in their view, but I can say that our whole experience of the Metropolitan Board shows us a constant agitation and a constant attack upon our property.

6065. The only ground you give me for thinking it would not work is that you think the Metropolitan Board would try to break the agreement?—Yes.

6066. Not that you think you would not be able to earn more than 10 per cent.?—I do not think we could earn it.

6067. That is a very different thing; why do you think you would not be able to earn it?—Because it is as much as we can do to earn it.

6068. Has it not been shown that the prices, taking 10 years together, have

constantly gone down?—Hardly, I think. That involves us in a very difficult question as to the value of products and various things of that sort.

Mr. R. Hawkins.

18 June 1875.

6069. What were you charging at the time you got no dividend at all?—Five shillings and 6 s.

6070. You were charging 6 s. to your customers, and getting no dividend. Now you charge 4 s. and get your 10 per cent., and your 6 and 7½ per cent. Do not you think it is very probable that you would be able to charge 3 s. at some future time, and still get your dividend?—I am certain if that happy time comes the public will get the benefit of it quite as soon and sooner than if we got any sliding scale.

6071. Now with reference to the future investment of capital, do you look forward to ever having to expend more capital?—Yes, as our business increases.

6072. Supposing you want 100,000 l. more than at present; supposing you would get it for the future, as you have got it for the past, you would hope to get it at 7½ if not preference, and 6 per cent. if it were preference?—Yes.

6073. And it would be a boon to your shareholders, would it not?—I suppose it would; it would depend upon how we could float it.

6074. Do you imagine that if you are supported in your belief that you have a statutory claim to this dividend, and to keep up the price to that point to give them that, there could be any doubt about your floating it?—No.

6075. Then, as matters stand at present, it would be a boon to your shareholders to put it out at 7½ per cent. non-preference and 6 per cent. with preference?—Yes.

6076. Supposing this sliding scale plan was adopted, would it be or not an advantage to your shareholders to get a new capital on the lowest possible terms, at 5 per cent. or 4½ per cent.?—I do not know whether you mean that the shareholders would take it up.

6077. If you could get it; if you could borrow your 100,000 l. instead of doing it by shares, at 5 per cent., would it not be then an advantage to your shareholders?—Certainly.

6078. Mr. Bristowe.] Do I understand you to consider that the Act of 1860 is an advantage alike to the company and to the consumer?—Unquestionably.

6079. I observe in those Tables annexed to Mr. Cardwell's Report in 1854 you were charging 4 s., 4 s. 6 d., and 6 s. for common gas?—Yes.

6080. Therefore I suppose the 6 s. was applicable to the outlying districts, and the 4 s. to the more populous parts?—Yes.

6081. At that time, in 1851, I see you were paying no dividend at all upon your ordinary stock?—No.

6082. Now that you are paying 10 per cent. I do not see that the consumer has got the benefit of it, because you charge that 4 s. while you are getting that 10 per cent. yourselves, and you were distributing at the same rate and getting *nil*:—I explained that we are charging 4 s. under exceptional circumstances at the present moment; 3 s. 9 d. I must assume to be our price.

6083. You were only three years at 3 s. 9 d.?—Yes.

6084. Chairman.] The exceptional circumstances being this inquiry?—Yes.

6085. Mr. Bristowe.] I cannot see how, consistently with the figures, it is a benefit to the consumers and alike to the shareholder?—Even in that way the consumer has got the same price, or a lower price.

6086. I do not see it, because you were only charging 4 s. for common gas in 1854, and that continued right down to 1866?—Yes.

6087. At that time your dividend jumped up from *nil* to 10 per cent.?—Yes.

6088. How is it alike a benefit to the consumer and the shareholder, under those circumstances?—We take care of ourselves first, but it was only right that we should.

6089. Still, how do you, consistently with those figures, say that it has acted alike beneficially to the consumers and the shareholders?—When we did good to ourselves we began to do good to our neighbours, and we increased the illuminating power and purity of gas very considerably.

6090. That is a boon you were not by Parliament compelled to give, but that you say you have done?—Yes.

6091. You said some time ago, in answer to Mr. Venables, speaking of the

Mr. R. Hawkins.
18 June 1875.

Act of 1860, that you liked it, because of the freedom of manufacture and so on; but that may be carried to the extent of putting an end to the Act of 1860 altogether, and leaving you entirely free?—Yes.

6092. And then you would have competition again?—Yes; I should not like that amount of free trade.

6093. Then you limit the amount of freedom of manufacture?—Yes, I am perfectly willing to be under certain regulations.

6094. So long as you keep your dividend?—Yes, and I think we should work better.

6095. Mr. Birley.] I have here a table of the result of the Manchester working for twelve years. I find there they have reduced their prices from 4 s. down to 3 s. 2 d., and with the exception of the year 1873, they raised it in the course of the year to 3 s. 4 d., and, in the latter part of the year 1874, to 3 s. 8 d. only, still being below the price of 1862; and yet, you will observe, their surplus profits have materially increased, almost year by year, during that period?—I am afraid that would involve my going into the whole question of the cost of coals, of materials, and labour.

6096. Of course they had an increased cost of coals, material, and labour, just as you have?—I do not think they have had to pay in anything like the same proportion; nor am I aware about their residual products, and all that will work into this question.

6097. I think you got a better price for residual products, or, at least, for coke than they did. I simply wish to show you that, from all you see from that table, it appears that the effect of the reducing the prices has been to raise the surplus profits?—Yes.

6098. And that, even in the exceptional years of 1873 and 1874, they kept below 1862, and yet they have had a larger surplus profit?—Yes; the year's total advanced about 6 d. They seem to have kept on lowering their price, much as we did to the year 1865, till they brought it down to 3 s. 2 d. I do not know that that compares favourably with our 3 s. 9 d., considering the enormous cost of coal in London compared with Manchester.

6099. Their extreme price is 3 s. 8 d., but their illuminating power is greater than yours; they have upwards of 18 candles?—They use more cannel coal.

6100-1. That is more costly?—Yes.

6102. Have you any depreciation account?—No.

6103. None whatever?—No.

6104. Have you any valuation of your property?—No.

6105. You merely charge to capital what you spend upon it?—We maintain our dividends and the whole thing out of income.

6106. Do not you think that you have a much larger capital employed than is necessary for the production of the gas you sell?—In our company we have a large capital, but it is at a comparatively low rate of interest, and year by year the proportion of that capital is diminishing.

6107. Are you increasing materially the production of gas from your works?—At the present time our increase is at the rate of 9 per cent. per annum during the last six months; during the depression a few years ago it fell off very much.

6108. What do you anticipate for future years?—About 6 per cent.

6109. Your district has scope for extending the distribution of gas?—Yes; the lower part by Fulham, and the part on the southern bank of the river, by Battersea Park, are districts likely to increase.

6110. Are your works capable of giving out that increase, or shall you have to add largely to the works?—At the present moment the works are quite competent not only to maintain the present business, but to enlarge it very much; and that will account to a certain extent for the comparatively high rate per ton.

6111. Then you have provided for another increase of from 6 to 8 per cent. for some few years to come?—Yes.

6112. Do not you think there is room for economy yet in the management of the works?—No, not in the management, certainly.

6113. I am speaking from comparison of your works with Manchester?—Our engineer will be here; he knows about the management. We compare not only with the Manchester but every other London company.

Sir George Elliot, M.P., sworn; Examined by Sir Edmund Beckett.

6114. It is hardly necessary to ask whether you are a large Coalowner and a Mining Engineer, and have been acquainted with collieries for a long time? —Yes. Sir G. Elliot, M.P.
18 June 1875.

6115. You have been in the habit of supplying coal for some years to the London gas companies, and many others?—Yes, for the last 30 or 35 years.

6116. I think you also sat on the Select Committee of this House on Coal in 1873?—Yes.

6117. Besides sitting on it, you gave evidence before it?—Yes.

6118. I want to refer to one or two of your answers there; have you got your evidence?—Yes.

6119. Questions 7517 and 7518 are the first I refer to; there you said that there was a remarkable uniformity in the price of gas coal, and that for a period of 30 years, up to 1870, that kind of coal had been less affected than any other, and you gave some reasons for it?—Yes; that is what I stated.

6120. Then after 1870 some new circumstances arose, which I do not know whether you explained them or not; did you?—The circumstances were explained which accounted for the great increase in the price of coal; not especially gas coal, but all kinds of coal.

6121. It included gas coal, house, steam, and manufacturing coal?—Yes.

6122. We have had a gas engineer, Mr. Stevenson, predicting that that sort of thing can never happen again; that is, that coal cannot rise again. You have dipped into the earth, perhaps you can dip into the future a little more than he can; what do you say about it?—I think it is a very bold statement to make, to predict that the price of coal will never be higher than it is at present.

6123. If we are to predict, do you think it is quite as likely that it will rise again as that it will not rise again?—It is certain that it will fluctuate; probably not so much as it did in 1872 and 1873, but the price of coal, especially gas coal, will be very much influenced, as it was in 1872 and 1873, by the manufacture of iron.

6124. You have an idea, I think, of a possible rise in price, within no very long time?—I have such an apprehension of it that I should hesitate, and in fact decline, to contract at the present prices for more than the present year.

6125. Beyond even the present year?—No further back than the present week I refused to enter into a contract for 100,000 tons extending over 1876, because of the apprehension that I have that the price of coal might so much change, as it certainly would, if the iron trade revived.

6126. I believe you suffered much from your contracts for coal during the years 1872, 1873, and 1874?—I scarcely like to mention the sum, more than 50,000 l.

6127. The price of coal is a material element in the price of gas, is it not; do you think it fair, or not, looking to the future, to tie down gas companies to a definite price for an article like gas?—I should think not, unless it was a very good high price.

6128. At a price anything like that at which they can supply it now?—I think not, unless they have the power to make it up. I think the price of coals will vary. The contracts I entered into this year with the London gas companies, speaking as a coal owner, are not remunerative.

6129. It is suggested here that it is not the right thing for the large London companies to make contracts for coal, but that they ought to put the thing entirely into the hands of their manager, and let him pick up coal as he can. What do you say about that?—I have often thought, and frequently stated, that the coal owners are very great fools for making contracts with the gas companies at all.

6130. What do you say about that?—I have often thought, and frequently stated, that the coalowners are very great fools for making contracts with the gas companies at all.

6131. That rather implies that gas companies are rather wise to make them?—I think we are great fools for doing it, because we could have our own price when coal is scarce; I have disapproved of the system of contracting, because if we were not to do it, when the gas companies come down almost begging and praying for coals, beyond their contracts in time of difficulty, we might as coal-

Sir G. Elliot, M.P. owners make much better terms outside the contract than we do now. The gas people generally manage to select the most depressed time of the year to make their contracts; they take the coalowners in the spring of the year, when the prices are generally lower than any other time of the year.

18 June 1875.

6132. The gas companies by their contracts seem to oppress you as much as they can?—They do, and they beg and bother about $1\frac{1}{2}$ *d.* a ton just as hard as if their lives depended upon it.

6133. Even the directors?—Yes, they do.

6134. I thought it would be only a manager kind of man who would do that?—I remember having a long discussion in 1871 or 1872, with the Board of the Imperial Gas Company, and we split upon 3 *d.* a ton, and I went away, and I would not yield; they were all assembled in their dignified position there, but I felt I would not yield, and they sent their manager after me to split the difference of the 3 *d.*, and I regret that I did it, for it was a very bad bargain, and I lost a great deal of money by it.

6135. It has been suggested that there is to be a new contrivance applied instead of revision; there is to be a sliding scale up and down: do you know about that?—The impression I have of it is this; I understand it is suggested by the Bill that there should be a price fixed, say 3 *s.* 9 *d.*, as an initial price as an inducement to economy, and as a temptation for gas companies to abandon what they call their vested interests in their statutory dividends; that they shall have for every penny reduction from the 3 *s.* 9 *d.* a quarter per cent. added to their present dividend, and on the contrary, if the price should go beyond the 3 *s.* 9 *d.*, and come to 3 *s.* 10 *d.*, or should go up to something like what it was last year, 4 *s.* 8 *d.*, then they should be subject to a reduction from the dividend of a quarter per cent.

6136. You rightly understand the Bill. Now will you give your opinion about it?—My opinion is a deliberate one, because I have thought it carefully over, and it is this;—that seeing that the application of that principle is limited, and is not spread over a number of years, but is to have its operation in one year, and having the strongest conviction, which I really and truly have, that there are so many circumstances which may influence the price of coal; if I had to settle or give an opinion as a gas shareholder, I should say the chances of any advantage are very inadequate, compared with the risk I should run of depreciating the value of my shares. Now just see how it might operate. Think for a moment of the iron trade; I would recommend the Committee to read the evidence given before the Coal Committee in 1873. There are 40,000,000 tons of coal used annually when the iron trade is in operation for iron. Now, that 40,000,000 tons is not made up out of the general product of coals of the country. For example, if you take the whole of our South Wales steam coal, it forms no part of it; it is the bituminous portion; all the cas coal is capable of making coke, and therefore the activity of the iron trade interferes more especially with gas coals than it does with steam coals or with perhaps any other coals. Consequently, so large a proportion as 40,000,000 tons is far more than 50 per cent., if you withdraw the steam coals, of the whole produce of the country. A difference between the activity which we remember we had in the iron trade of 1872 and 1873, and portions of 1874, as compared with what we now have, will account for the low price of gas coal at this moment in some degree, and if we do begin, as I hope we shall very soon, to have better times, I think the chances are that we shall have a very much enhanced price. I do not believe it is likely on the other hand, that we are going to get any great abatement of wages from the workmen; I think they are sufficiently disciplined (I am not complaining of it in making this observation) to take good care that they are not unduly deprived of the wages which they consider themselves fairly entitled to; and then, as a coal owner, I am not getting a fair remuneration for the capital that I have laid out. Take the wages, take the capital, and the freights, they are as low now as ever I remember them to London; putting all that together, the price which you now have, if that is to be the initial price, then I say, and I do say so in the most earnest manner, that the chances for the dividend being increased are much less than the chances for it being decreased.

6137. You think that it would probably be a very bad bargain for the shareholders to accept the sliding scale?—Yes.

6138. If they got an increased dividend by any kind of accident, even for a year or two, would not there be a movement to pull them down again?—I always understood

understood the principle for which the gas companies now contend to be, that their dividends are really secured to them, and I do not think they could be more convinced by any Act of Parliament that further security would be given them by the sliding scale than they possess under their present Act.

Sir G. Elliot, M.P.
18 June 1875.

6139. It has been suggested rather faintly that this opportunity ought to be taken to increase the illuminating power of common gas; I see you have an opinion upon that; will you give it?—I have given evidence upon that subject before. I believe, to increase the illuminating power would oblige you to use a larger quantity of cannel coal. Now, cannel coal is rather expensive; it is very limited in its area of quantity, and if it is desirable to have more light you would have to pay more money for it, because you would have to get cannel coal, and I would rather be disposed to say that you had better have more gas, because I do not see how you are going to get more light unless you get more cannel coal, and as the cannel coal is limited in its area it would not appear to me desirable that you should stipulate for that which it would be so difficult to obtain.

Cross-examined by Mr. Cripps.

6140. I understand you to be speaking generally; do you know anything of the manufacture of gas, or the kind of coals required for it, or anything of that kind?—I know about the coals required for it, because I sell about 500,000 tons a year.

6141. Supposing gas to be 16-candle gas, as proposed by the present Bill, and tested in the way proposed, what per-centage of cannel to Newcastle would it require?—I cannot speak with accuracy, but I should say from 5 to 8 per cent.

6142. Do you know at all out of a given price for gas how much goes for the coal; what proportion the coal bears to the entire cost of the gas?—I have seen several statements of that kind, but I cannot speak from memory at the moment.

6143. Can you say about?—No, I do not think I could. I find they are all in these red books very minutely collected.

6144. *Chairman.*] I am very glad to have an opportunity of hearing your evidence, because not only are you one of the largest coal producers, but also your experience as a man of business is very great, and, as we all know, has not been without some success; have you looked at the particular position in which these companies are, as trading companies, as regards their dividends?—I think I understand something of it. Of course I have not been sitting on this Committee to comprehend it so clearly as you do.

6145. Do you imagine the fact to be as the companies state it, that they consider themselves practically to be guaranteed 10 per cent. upon their original capital, and not to be able to earn more?—My impression is that it was stated to Mr. Cardwell's Committee (I believe I gave evidence upon that) that the companies, in consideration of certain duties which they were to perform, namely, to produce gas of a certain quality, and so on, were to have a certain reserve, and were to have paid to them 10 per cent. upon the then capital. I think afterwards they could raise capital at a lower sum.

6146. Now compare their position with men like yourself, large producers on a private scale, do you think that if you were in the position of being secured 10 per cent., and not being able to earn more, that you would be likely to put the same amount of energy and activity in the conduct of your business as you have now, when everything depends upon your own action?—That is a very pertinent question, I admit, but I understand that there is a power on the part of the public to have an investigation to see that they do perform their duties in the proper way, and if they can produce the gas for less money, then they are bound to reduce the price.

6147. There is a provision by which an inquiry can be made before certain gentlemen as to whether they have conducted their business in a business-like way or not?—Yes.

6148. If you were secured, as I say, 10 per cent. on the one hand, and could not earn more than 10 per cent. on the other, and that the check was that three men, very respectable gentlemen, the head of them a barrister, were to come down and inquire, and find out whether you had conducted your business satisfactorily, do you think that would stand at all in the place of the stimulus of

Sir G. Elliot, M.P. your earnings depending upon your work?—I understand that was the agreement.
18 June 1875.

6149. It was the agreement certainly, but do you think it would stand in place of it?—My answer would be rather this: 10 per cent. is placed there as something to be aimed at and to be attained, and if you do not do your work properly, and if a man like the present Chairman of this Committee has an opportunity of going and forming a judgment as to whether they did it properly, I should consider their 10 per cent. would be very much endangered unless they did do it properly; and if they make more than 10 per cent. he would take care that the price of gas would be reduced in the next year.

6150. Would not there be a strong probability, with that fear before them, that they would not aim very hard at earning more than 10 per cent.?—I can only tell you that I have had transactions with the gas companies ever since the Act passed, and a more hard and uncompromising set of people to do business with I never met in my life.

6151. Were they good customers, or were they not?—They were very good customers, but they would almost take a penny out of a blind man's hat to serve their purposes.

6152. Have they got many pence out of your hat?—Yes.

6153. And you have got some out of theirs?—In the year 1872 I had a contract for five years for 120,000 tons a year; it was very fortunate for me that it expired in the year 1872; if that contract had been running on for two years more I should have lost nearly 100,000 *l.* on that contract. But after the production of that year, 1872, when things were so good in consequence of my contracts with certain companies represented in this room, after raising out of one colliery something like 300,000 tons, there was a loss of 5,000 *l.* upon the total transactions, and it went into the gas companies' pockets.

6154. The prices rose upon your contract?—Yes.

6155. Did not you manage to get a contract on the other side when prices were high?—I made another contract the next year, in 1873 and 1874; but if my contract had been running on, as it might have been, then instead of losing 5,000 *l.* I should have lost 100,000 *l.*

6156. As you tell us what you might have lost if the contracts had gone on, on the other hand there would be some contracts taken on the high prices in which the gas companies would lose?—No, I do not know that they lost, because they were entitled to be reimbursed by charging a higher price.

6157. They get it from the consumers?—So they ought; who is to pay everything except the consumer.

6158. Now take the mere matter of contracts, do you think that if you in your business were perfectly sure that you would get your 10 per cent., whatever was your contract, whether a wise one or not a wise one, and that you could not get more than 10 per cent., do you think you would take quite as much care about your contracts as you do at this moment?—I do not know; I think I should do what I had to do conscientiously.

6159. I have no doubt that; but do you think you would take quite so much pains with it?—I can only measure what I should do by what the gas companies do; they try to make the hardest bargain they can. I will give further proof:—They were in the habit of contracting with me for three, four, or five years, but when they got into 1872, and the prices got up, they wanted their contracts for six months and twelve months at the outside, and we could not get any long contracts, when the prices were higher, with any of them.

6160. You did not think it would last very long; the sun was shining very bright indeed, and you made as much hay as possible?—There was a great deal of hay lost too.

6161. As regards your expectation, so far as anybody can form any expectation about the future price of coal, I rather gather that you think the chances are that it will rise rather than fall; am I right in that?—This is a subject upon which I am looked upon as knowing something, and I wish to be very carefully accurate in what I say. I will tell you what I think is possible, that wages in the main perhaps over the next few years may not be very much higher; but the demand for gas coal in particular seems to me to rest upon so narrow a basis, from being infringed upon by the iron trade, that if the iron trade becomes active and lively, without very much increase of wages to the workmen, the persons owning gas coal collieries, and I for one, would be very ready to put my hand down and say, let us have a good large price out of the gas companies,

now is our opportunity ; there will be a scarcity of that coal ; I think that is very likely to happen, and I do not know any coal that is more in danger ; there is more fluctuation in gas coal than any other coal.

Sir G. Elliot, M.P.

18 June 1875.

6162. Do iron and gas compete for the same coal ?—The gas coal is generally coal that will make coke ; most of the iron throughout the whole kingdom, or England and Wales, is made with gas coal. All gas coal will make coke, but they do not all make coke of the same high quality as the best iron coke, but it is that kind of coal which is nearest akin to the best coal for iron making.

6163. Take a colliery that is producing coal that will do for both purposes, for which does it require the best coal, for the iron or for the gas ?—There is no best about it, excepting it is best for the purpose. My colleague, Mr. Palmer, has the best coal for iron making that we have in the kingdom ; that coal would make gas also, but it would not be the highest quality of gas. He has also gas coal that would make iron, but it would not be as good as the best of his iron-making coal ; but both sorts would do for both iron and gas.

6164. Is the production of the best gas coal more or less limited than that of the best coal for iron making ?—I should think the best production for gas making is a larger area than that for the best iron making.

6165. Now going back to the past history of gas companies, we have had it in evidence that the dividends have very much increased, and that the price has very much decreased. In 1860 the price was about 4 s. 6 d., and in 1847 it was I suppose 6 s. Do you not recollect what the price of coal was in 1860 and 1847 ?—I remember 1854 ; that is 20 years ago, I had a large contract at 8 s. 6 d. a ton.

6166. Would it not be the case, that gas has fallen in price very much, coal having been about the same 15 or 20 years ago, as we may expect it to be, or if anything, it was rather lower in price than it is now ?—Gas coal from 1840 to 1870 did not vary more than from 6 d. to 9 d. a ton.

6167. Then the price of gas having fallen, while coal remained stationary, I suppose it arises from improvements in the art of manufacturing gas ?—On a much larger consumption.

6168. The consumption is likely to go on ; we see no prospect of London stopping in growth of population, do we ?—There is no evidence of its stopping at present.

6169. Do not you think whatever is due to improvement in the process may be expected to continue ?—There is a limit.

6170. I thought you said you believed that there was no limit to improvement ?—I have never believed in the doctrine of perpetual motion yet.

6171. You have never found the limit of it ?—The limit to improvement in gas do you mean ?

6172. Or in any manufacture ?—I should not like my dividend to be attacked in the hope that I can only discover some new invention to improve it.

6173. Comparing 10 years with 10 years, you acknowledge that the price of gas has gone down ?—It has not gone very much down.

6174. Three shillings and ninepence is the price now, and in 1847 it was 6 s. ?—Yes.

6175. Mr. Birley.] Did not gas pay well in 1873, at a price which would not pay in 1847 ?—I think it could not pay very well in 1873, if they had to depend upon their reserve for their dividend.

6176. A price which would just pay in 1847, would leave a good profit at the highest price of coal in 1873 :—What was the price in 1847 ?

6177. I will take any price you like to fix ; 4 s. 6 s. or 7 s. a thousand ?—If it was a higher price than the price in 1873, it would be very much better for the gas companies.

6178. We have had it in evidence, that the London Gas Company were selling at 6 s. or 7 s. in their early career, and could not make a dividend out of it ?—And they would have had a very large dividend in 1873 with such a price as that. At the commencement of a gas works, you have to fix your establishment before you can get it fully developed, and you cannot compare a fully developed undertaking with what took place 10 or 20 years ago.

6179. Chairman.] One or two of the witnesses have stated that one reason why they think they ought to have a high dividend is, that there is some degree of uncertainty as to whether gas will continue to be the great lighting power ;

Sir G. Elliot, M.P. power; do you accept that view of the matter, or do you not?—When I was a boy we used to think that gaslight would be made out of water, and out of the sea, and no doubt light can be abstracted out of other things besides coal; but the inventions which have been from time to time produced have turned out to be practically nothing more than toys hitherto, and I should not be afraid of my dividend so much in reference to that, as in reference to the alteration to the sliding scale.

18 June 1875.

6180. Mr. Talbot.] Why are you so afraid of the sliding scale, as regards the gas companies?—If I understand the thing correctly, it is this, that the sliding scale is to be taken year by year. Now the sliding scale, if there was an average, would be less objectionable. You might have a year like 1873. Supposing we had a great strike amongst our gas companies, or we may imagine many things, or that the gas coal goes up 8 s. or 10 s., then you knock down the dividend because of the high price of coal; you have not an average; it must be year by year.

6181. As your dividend goes down, your price goes up?—Yes, as I understand, you begin with 3 s. 9 d.; for every penny you go up, you lose $\frac{1}{4}$ per cent. dividend. If you get the state of things which I have been speaking of, this will happen. I know that the price of gas was raised to 4 s. 8 d. once. Should that happen again, that would be an increase of 11 d., or $2\frac{1}{2}$ per cent.; that would reduce the 7 per cent. dividend to $4\frac{1}{4}$ per cent.

6182. I am not speaking of the original shareholders, who may be supposed to hold a Parliamentary guarantee for their 10 per cent.; but is it not fair that, looking to the future, the consumers and the producers should share the losses as well as the gains amongst them?—You mean for new capital that is brought into the concern?

6183. Yes?—That is another view.

6184. That is a different proposition?—I have been speaking about the vested interests of people, but if your question refers to, say the raising of a million of money for gas works, and how it should be dealt with, it would receive a different consideration from me.

Mr. Charles Mark Palmer, M.P., sworn; Examined by Mr. Richards.

Mr.
C. M. Palmer,
M.P.

6185. You are one of the Members for North Durham?—I am.

6186. And you supply very large quantities of coal to the London markets?—Myself and my two partners produce about 25,000 to 30,000 tons a week, of coals, and about a quarter or more of that is gas coal.

6187. You have very extensive collieries, and are well acquainted with the labour question connected with the coal pits?—Yes; and I am also acquainted with the labour question connected with the coal pits.

6188. Looking at the existing state of things, and the past state of things in the coal market, what is your opinion as to the probability of coal rising in the future, or remaining at its present price?—It is very difficult to predict for any length of time what the price of coal may be; my fear is that coal will not advance for the next year or two. Seeing that the price of iron is falling, and the stocks of iron in the country are accumulating, it can only result in blowing out the furnaces, which will re-act upon the coal trade, and so I think certainly not tend to advance the prices.

6189. Do you agree with Sir George Elliot that a revival of the iron trade might reasonably be expected to have an effect on the price of coal?—Yes, it has come forward in those rushes from time to time. The iron trade, when once it recovers, soon takes up the supply of coal. The labour market becomes in each of those periods more difficult and more restricted in consequence of the working of the men; as their wages advance they work less coal, and the difficulty is to produce more to meet the increasing demand at those different periods.

6190. Without tying you down to a prophecy, do you see any reason whatever why the circumstances which occasioned the great rise in the price of coal in 1872, 1873, and the early part of 1874, may not occur again in the course of the next few years?—I should not be sorry, but I much doubt the fact that they will do so. I fancy that it is a most exceptional thing. After having been in

the

the trade for a very great number of years, I never could have contemplated the rise.

6191. You never remember any rise so large as it was?—No.

6192. At the same time I think the revival of the iron trade will produce a rise in the price of coal?—In connection with the great demand for coal from the iron trade, which was somewhat exceptional in itself, we passed a measure in this House, the Coal Mine Regulation Act, which came into operation at the very time, and which very considerably redced the production of coal from the mines, so that the two things coming into operation together had a very material effect at that time in causing that extra advance.

6193. You do not know anything of the particular Bill before the Committee?—No, not as far as the particulars are concerned.

6194. You were present and heard what Sir George Elliott said; do you generally agree with his evidence?—I do not know the particulars of this sliding scale that he alluded to.

6195. I mean generally as to the probable price of coal?—As to the probable price of coal, I do agree with him.

6196. You are not so well acquainted as he is with the condition of the gas supply of London?—I would merely say that so far as I am a large iron maker, and have had a great deal to do with sliding scales in the wages of the iron workers, that there are periods when a sliding scale becomes quite inoperative; for instance, in the iron trade, we fix the wages for one class of men, according to the selling price of iron, and so the arbitrator had to fix the price of their wages periodically; now that has ceased to be the basis upon which it could be calculated, inasmuch as the materials of which iron is made have altered; and many other circumstances arose, which made the sliding scale an unfair principle.

6197. You find, I suppose, that the value of the manufactured article does depend upon the cost of the raw material to a certain extent?—Of course it does.

Cross-examined by Mr. Philbrick.

6198. So that however careful or provident might be the terms of the agreement on which the iron masters and the work people agreed to rely when they fixed a sliding scale, circumstances arose which made it inapplicable to the existing state of facts?—Yes.

6199. Circumstances arose which caused the necessity for some fresh understanding to be come to between the parties?—For the revision of the basis.

6200. I do not know whether I understood you to say that you thought that the probable price of coal had a tendency downwards, rather than upwards, am I correct?—I think it probably may have a tendency downwards, but it depends entirely on the iron trade, but this I may say further, that gas coal is not influenced to the same extent, in my opinion, as other manufacturing coal, that is, we find it so; we find the demand for gas coal very steady, whereas the other class of manufacturing coal has suffered a greater reduction.

6201. That is to say, although a revival in the iron trade would act immediately upon the price of coal, yet you think that the ordinary qualities of coal would be affected first; the gas coal would feel it probably a little later?—Yes.

6202. Mr. Birley.] How much do you think the mines Regulation Act has added, taking it roughly, to the cost of raising coal per ton?—Much will depend upon the collieries; in deep collieries where we have what is called a large number of off-hand men, and only a limited power of raising a quantity of coal, the cost in the production is very great from the limitation in the ability to get the coals to the shaft in the first place, and that limitation of quantity having to be also put upon a very much larger number of people.

6203. Then you have no sort of estimate of the cost per ton, taking it either from your own experience, or through the country generally?—It will vary in very shallow pits from 1 s. 6 d. to 2 s.; up to in very deep pits, 3 s. or 4 s.

6204. Is there any permanent additional expense in wages in consequence of unions and so forth?—No, I attribute that to the Act alone; I believe the Act has increased the cost of producing, certainly from 1 s. 6 d. to 3 s.

6205. Could you form a similar estimate of the addition to wages?—I could not speak with sufficient accuracy upon that to give you the exact figure.

6206. Can you tell me what you consider would be the proportionate advance

Mr.
C. M. Palmer,
M.P.

18 June 1875.

in the price of coke, as compared with coal; is the prospect for coke as good or better?—We have two qualities of coke, one is the furnace coke, and the other is the gas coke; I am not sufficiently acquainted with that.

6207. Your experience has been with the furnace coke?—We produce a large quantity of furnace coke; most of our coals are made into furnace coke.

Mr. Robert Morton, sworn; Examined by Mr. Richards.

Mr. R. Morton.

6208. ARE you Engineer in Chief to the London Gas Company?—I am.

6209. And a member of the Institute of Civil Engineers and President of the British Association of Gas Managers?—Yes.

6210. Have you been the engineer of the company for seven or eight years?—About seven years.

6211. And you have been in practice as a gas engineer for a great many years?—For upwards of 20 years.

6212. Do you control all the details of the manufacture of gas at Nine Elms Station?—Yes.

6213. I propose to take you as shortly as possible through this matter. Have you under your control the storing of the coal, the distilling of the gas from the coal, the purification of the gas, the testing of the gas, the storing of the gas, and the distribution of the gas, and the constant repair of the works?—Yes.

6214. Do you attend to the discharge and employment of the several persons carrying out the work of the different departments?—Yes.

6215. In addition to that, when any extension of works is required, do you point out what those extensions should be?—Yes.

6216. The directors sanction them, and those extensions are carried out?—Yes.

6217. Do you work your company with constant attention to the way in which the other Metropolitan companies are carrying on their proceedings and comparing your workings with theirs, from time to time?—We compare them from time to time.

6218. Do you as far as you possibly can exercise all possible care and management in the conduct of your affairs?—I think so.

6219. Your price is 4 s. ?—Yes, it is so.

6220. The prices are in the possession of the Chairman, therefore I will not go into the details. We know that there are successive reductions down to 3 s. 9 d., then came the coal famine, and you raised it to 4 s. 6 d.; then you reduced it to 4 s. 3 d., and now you are at 4 s. ?—Yes.

6221. With regard to the coal supplied to your works, how do you obtain it; do you send a man down to the North of England to the pit's mouth, or do you obtain public tenders, or what?—We communicate with the coal owners, and we ascertain what other companies are doing, and what they pay for their coal, and we buy our coal at the cheapest possible rate.

6222. You have acted as gas manager for many years?—For 20 years.

6223. You have a familiar knowledge of coals, and the way to get at them, and how to deal with them?—Yes, quite familiar.

6224. Like other gas engineers, you analyse the coal you have?—We analyse the whole of the coals.

6225. So soon as the coal comes, you at once know its character, either from personal analysis, or an analysis of some coal in its immediate neighbourhood?—We analyse each individual coal ourselves.

6226. Do you use every possible endeavour to buy your coal at the cheapest market?—I think so.

6227. Are you the gentleman who appears to have screwed Sir George Elliot so hard?—No.

6227*. As to the coke, how is your principal trade in coke carried out; you are not upon the river are you?—We have a dock from the river.

6228. But a very short dock?—A very short dock.

6229. What is the length of it?—Three hundred yards.

6230. Do you barge much of your coke?—A large proportion.

6231. Do you find that the immediate neighbourhood in which your works

are situated supplies a sufficient market for your coke, or do you send it away any distance?—We are obliged to send it away.

6232. You supply the cement makers, amongst others?—Yes, largely.

6233. Do you reduce your home stock somewhat to the size of your surrounding demand?—We sell as much in the immediate neighbourhood as we can.

6234. You sell it straight out of the vaults, if you possibly can?—Yes.

6235. You never stack it, if you can help it?—No, not if we can avoid it; there is very little difference between us and the South Metropolitan as regards coke.

6236. Your wages appear to be somewhat higher than those of other companies, how is that?—They are slightly higher on the average; they are not quite so large as the South Metropolitan.

6237. They are larger on the average, is that so?—They are a little larger, on the average, than the other companies.

6238. Yours is 5·72, and the South Metropolitan 5·74?—Yes.

6239. *Chairman.*] And the average is 4·98?—Yes.

6240. *Mr. Richards.*] You are somewhat above the average; ·75 above the average; can you account for that in the year 1873?—I think we deal a little more liberally with our men than some of the other companies.

6241. What do you mean; that you pay a little higher rate?—We do not get quite the same work out of the men for the same amount of money paid.

6242. Is that from the construction of your retort houses?—From the number of retorts the men are required to work.

6243. How many of your retorts are set in a bed?—Various numbers.

6244. The way in which your retort beds are set, must to some extent regulate the number of the retorts the gang have to draw?—To a very small extent.

6245. Can you specify why you pay a higher rate than any other companies; you say you are a little more liberal to the men?—We do not get the same amount of work out of the men; they do not actually carbonize the same quantity of coal.

6246. Do you think it possible to keep the accounts of the company more accurately, or work more economically, or be more careful about the working of the company with due care and management?—I do not.

6247. *Mr. Talbot.*] Is it the case that higher wages are paid in one part of London than another?—The Imperial Company pay higher wages per man, or per week, or per day, than some of the other companies.

6248. Is it the fact that in some parts of London the rate of wages is higher than in other parts of London?—That is the only way in which I can answer you.

6249. You occupy what we may call the western part of London; is the rate of wages in the western part of London higher than in the eastern or northern part of London?—No, not necessarily.

Mr. Richards.] I have not exhausted the companies yet, but I bear in mind what you said to my learned friend Sir Edmund Beckett and myself, and though I might call witnesses for the Surrey Consumers and the Independent, and the other companies, I think I have taken those which may fairly be considered the principal and the largest companies, and I think the Committee have had enough to give them a thorough insight into the position of affairs, and I am unwilling to do anything which may appear to be overloading the case. I have the witnesses of the other companies here, if the other side wish to ask them any questions.

Mr. Cripps.] I do not desire to see them.

Mr. Richards stated that he had a Table to put in, showing the Metropolitan and Provincial Gas Companies and Local Authorities that advanced the prices of gas in the year 1873, with the amount of increase in each case, and he would call *Mr. King* to prove the same.

Mr. William Boughton King, sworn; Examined.

Mr. W. B. King.

18 June 1875.

6250. *Chairman.*] You are editor of what paper?—I am the publisher of the “*Journal of Gaslighting*.”

6251. What is the Table you desire to put in?—A Table of the advances made by the London, Metropolitan, Scotch, and Irish companies, in 1873.

6252. Does it include all the companies that then advanced?—No; all that I had returns from.

6253. It is not a selected Table?--Not at all.

6254. Mr. *Cripps*.] It is only a list of those who did advance their price?—A list of the companies from whom I have returns.

6255. *Chairman.*] How did you get the returns?—I sent a circular letter to each of the companies in the United Kingdom.

6256. When?—In the early part of January 1874.

6257. And these are all the answers you got?—Those are all the answers in which the advance of price had taken place ; I had about 800 answers in all.

6258. I think we ought to have the number, too, in which there is no advance; can you tell me to how many companies you sent those circular?—To about 1,200.

6259. Have you the exact number?—Not exactly.

6260. Have you the circulars you sent?—This is the schedule I sent to the companies to have filled up, to be returned to me signed by their secretaries (*producing the same*).

6261. We will get it put upon the notes. You send out a return similar to this, to how many companies?—As near as I can judge, 1,200.

6262. You got answers from how many?—About 800.

6263. How many of them have advanced according to this?—Of the metropolitan companies six, of the provincial companies 293, and the local authorities who are the owners of gas works, 41.

6264. And have any of them reduced since that period?—Yes.

6265. During 1873?—None during 1873.

6266. Mr. *Birley*.] How many remain stationary?—I cannot say accurately,

6267. Have any made returns that are stationary?—Yes.

6268. Do you know how many?—No; I have not the returns with me.

[The following Circular and Tables were delivered in:—]

LIST of GAS COMPANIES to be published in the "Journal of Gas Lighting, Water Supply, and Sanitary Improvement," 11, Bolt-court, Fleet-street, London, E.C.

At the present time it is very desirable that correct information on all the points referred to in the annexed Form should be obtained, and directors and managers of gasworks are therefore requested to fill up and return the same to the above address as early as possible.

[illegible]

Signature _____

Date _____

METROPOLIS GAS COMPANIES BILL.

LIST of the Metropolitan and Provincial Gas Companies and Local Authorities that Advanced the Price of GAS in the Year 1873, with the Amount of Increase in each Case.

Name of Company.	Common Gas.	Cannel Gas.	Name of Company.	Common Gas.	Cannel Gas.
METROPOLIS:	<i>s. d.</i>	<i>s. d.</i>	ENGLAND—continued.	<i>s. d.</i>	<i>s. d.</i>
6 Metropolitan Companies:			Clitheroe - - -	- 3	-
Chartered - - -	- 7	- 10	Cockermouth - - -	1 -	-
Independent - - -	- 4	-	Coggeshall - - -	- 8	-
London - - -	- 9	1 -	Coleshill - - -	- 10	-
Phoenix - - -	- 9	-	Colnbrook, Middlesex	1 -	-
Surrey Consumers - -	- 3	-	Colyton - - -	- 6	-
Wandsworth & Putney	- 3	-	Crewkerne - - -	- 10	-
Total, 6.			Crickdale - - -	1 -	-
ENGLAND:			Crowland - - -	- 9	-
Abingdon - - -	1 8	-	Dartmouth - - -	- 10	-
Alcester - - -	- 8	-	Daventry - - -	- 5	-
Alfreton - - -	- 5	-	Dereham - - -	- 10	-
Alnwick - - -	1 -	-	Devonport - - -	- 6	-
Alton - - -	- 10	-	Diss - - -	- 10	-
Andover - - -	1 6	-	Douglas, Isle of Man	- 10	-
Atherstone - - -	- 5	-	Dover - - -	- 9	-
Aylesbury - - -	- 5	-	Dowlais - - -	- 6	-
Aylsham - - -	1 8	-	Downham Market - -	- 10	-
Bakewell - - -	1 -	-	Dudley - - -	- 6	-
Barnsley - - -	- 3	-	Dunmow - - -	- 10	-
Bawtry - - -	- 3	-	Dursley - - -	- 10	-
Beccles Gas and Water	- 6	-	Easingwold - - -	1 8	-
Belford - - -	-	2 6	East Grinstead - -	1 3	-
Belper - - -	- 6	-	Eton - - -	- 6	-
Berwick and Tweedmouth	-	2 6	Eye - - -	- 10	-
Bewdley - - -	- 10	-	Fakenham - - -	- 6	-
Bideford - - -	1 -	-	Falmouth - - -	- 9	-
Billericay - - -	1 8	-	Farnham - - -	- 10	-
Bilston - - -	- 3	-	Folkestone - - -	- 9	-
Birmingham { 15 c. - -	- 9	-	Framlingham - - -	- 10	-
Birmingham { 16 c. - -	- 11	-	Frodsham - - -	- 10	-
Birmingham and Staffordshire.	- 9	-	Frome - - -	- 5	-
Bishopscastle - - -	1 8	-	Gillingham - - -	1 8	-
Boroughbridge - - -	- 10	-	Glossop - - -	10d. & 5d.	-
Boston - - -	1 -	-	Godalming - - -	- 8	-
Box Moor, Two Waters, and Crouchfield, Limited.	- 5	-	Gosport - - -	- 6	-
Brampton - - -	- 10	-	Grantham - - -	- 5	-
Brecon - - -	- 5	-	Halesworth - - -	- 10	-
Bridgenorth - - -	1 -	-	Harrogate - - -	- 10	-
Bridgewater - - -	1 -	-	Hartlepool Gas and Water	- 6	-
Bridlington - - -	1 -	-	Hastings and St. Leonards	1 -	-
Bridport - - -	- 5	-	Haverhill - - -	- 10	-
Brighton and Hove - -	- 6	-	Hawick - - -	-	1 3
Bristol United - - -	- 6	-	Hay, Brecon - - -	- 8	-
Bromley, Kent - - -	- 5	-	Hedon - - -	2 6	-
Burslem and Tunstall -	- 4	-	Hemel Hempstead - -	- 5	-
Burton-on-Trent - - -	1 -	-	Henley - - -	1 -	-
Bury St. Edmunds - -	- 10	-	Hertford - - -	- 6	-
Caerphilly Gas and Water, Limited.	- 6	-	Hinckley - - -	- 10	-
Cambourne - - -	1 -	-	Hoddesden - say - -	- 7	-
Canterbury Gas and Water	- 6	-	Horsham - - -	- 10	-
Cardiff - - -	- 6	-	Huntingdon - - -	1 3	-
Cardigan - - -	- 10	-	Hunton Bridge and Abbots Langley.	- 10	-
Cawood - - -	- 6	-	Huyton and Roby - -	- 4	-
Charing - - -	- 10	-	Hyde - - -	- 6	-
Chatteris - - -	- 10	-	Ipswich - - -	- 6	-
Chertsey Consumers - -	- 6	-	Kendal United Gas and Water.	- 5	-
Clayton, Allerton, and Thornton.	- 4	-	Kettering - - -	- 10	-
Clevedon - - -	- 6	-	Kingsbridge - - -	1 8	-
			King's Cliffe - - -	- 10	-
			Kirkby Stephen - - -	- 10	-
			Kirkham, Lancashire	- 10	-

396 MINUTES OF EVIDENCE taken before SELECT COMMITTEE

Mr. W. B. King.
18 June 1875.

Name of Company.	Common Gas.	Cannel Gas.	Name of Company.	Common Gas.	Cannel Gas.
ENGLAND—continued.	s. d.	s. d.	ENGLAND—continued.	s. d.	s. d.
Leighton Buzzard - - -	- 5	-	Taunton - - - - -	1 -	-
Leominster - - - - -	- 10	-	Tenterden - - - - -	- 5	-
Lincoln - - - - -	- 10	-	Thetford - - - - -	- 10	-
Lindfield - - - - -	- 10	-	Thorne - - - - -	1 8	-
Littlehampton - - - -	- 10	-	Thrapston - - - - -	- 10	-
Liverpool United - - -	- 6	-	Torquay - - - - -	- 6	-
Long Sutton - - - - -	- 10	-	Totnes - - - - -	- 9	-
Lostwithiel - - - - -	- 10	-	Tring - - - - -	- 10	-
Loughborough - - - -	- 3	-	Truro - - - - -	- 4	-
Louth - - - - -	- 10	-	Tunbridge Wells - - -	- 6	-
Ludlow - - - - -	- 10	-	Twyford - - - - -	1 -	-
Lymington - - - - -	1 8	-	Uckfield - - - - -	- 10	-
Mansfield - - - - -	- 6	-	Ulverston - - - - -	- 10	-
Market Weighton - - -	1 6	-	Uttoxeter - - - - -	- 5	-
Marlborough - - - - -	1 8	-	Uxbridge and Hillingdon -	- 6	-
Maryport Town and Har- bour.	- 5	-	Walker and Wall Un., say	- 7	-
Melksham - - - - -	1 -	-	Ware - - - - -	- 6	-
Merthyr Tydvil - - - -	- 6	-	Warwick - - - - -	- 6	-
Mirfield - - - - -	1 -	-	Wellingborough - - -	- 5	-
Monmouth Gas and Water	- 5	-	Wellington, Somerset	- 10	-
Neath New - - - - -	- 5	-	Weymouth, Cons. - - -	- 9	-
Needham Market - - - -	1 4	-	Whitchurch and Doddington	- 10	-
Newcastle and Gateshead -	- 10	-	Whitehaven - - - - -	- 5	-
Newhaven, Sussex - - -	- 8	-	Whitworth Vale - - -	- 6	-
Newtown, Montgomery -	- 10	-	Wigston - - - - -	1 3	-
Northampton - - - - -	1 -	-	Willenhall - - - - -	- 3	-
North Ormesby - - - -	- 6	-	Witham - - - - -	1 8	-
Oaken Gates, Salop - - -	- 6	-	Witney - - - - -	1 -	-
Ossett - - - - -	- 10	-	Wiveliscombe - - - -	- 10	-
Oswestry - - - - -	- 5	-	Woodbridge - - - - -	- 10	-
Oundle - - - - -	- 10	-	Wooler - - - - -	1 3	-
Padiham - - - - -	- 5	-	Woolwich Equitable -	- 7	-
Peniston - - - - -	- 5	-	Wootton Bassett - - -	- 11	-
Petworth - - - - -	1 5	-	Worcester - - - - -	6d. & 9d.	-
Pewsey - - - - -	2 -	-	Wootton-under-Edge	1 -	-
Plymouth and Stonehouse	- 6	-	Wrexham - - - - -	- 8	-
Pontefract - - - - -	- 10	-	Yarmouth, Norfolk - -	- 10	-
Poole - - - - -	1 8	-	Yeovil - - - - -	- 10	-
Pudsey - - - - -	- 5	-	York United - - - - -	- 10	-
Reading - - - - -	- 3	-			
Redcar - - - - -	- 6	-	SCOTLAND:		
Reigate - - - - -	- 6	-	Alloa - - - - -	-	1 3
Repton - - - - -	- 10	-	Alyth - - - - -	-	2 6
Romsey - - - - -	1 -	-	Annan - - - - -	-	1 3
Rossendale Union - - -	- 6	-	Anstruther and Cellardyke	-	2 1
Rugby - - - - -	- 5	-	Ardrossan - - - - -	-	1 8
Runcorn - - - - -	- 6	-	Auchtermuchty - - -	-	2 6
St. Alban's - - - - -	- 6	-	Ayr - - - - -	-	1 8
Seaham Harbour - - - -	- 7	-	Barrhead - - - - -	-	1 8
Shaftesbury - - - - -	1 8	-	Barrowstowness - - -	-	- 10
Sherborne - - - - -	1 8	-	Campbeltown - - - - -	-	1 8
Shrewsbury { 15·0 - - - -	- 5 }	-	Carlake - - - - -	-	- 10
{ 16·0 - - - -	- 9 }	-	Coldstream - - - - -	-	3 4
Skipton - - - - -	- 10	-	Cumnock - - - - -	-	- 10
Sleaford - - - - -	- 5	-	Cupar Angus - - - - -	-	2 1
Southampton - - - - -	- 6	-	Cupar Fife - - - - -	-	1 8
Southwold - - - - -	- 10	-	Denny - - - - -	-	3 4
Stafford - - - - -	- 7	-	Dumfries - - - - -	-	2/6 3/4
Staveley - - - - -	- 10	-	Dunfermline - - - - -	-	1 3
Stevenage - - - - -	1 8	-	Dunvon - - - - -	-	- 5
Stourbridge - - - - -	2d.&5d.	-	Edinburgh - - - - -	-	- 7
Stow-on-the-Wold - - -	- 8	-	Edinburgh and Leith	-	- 7
Sudbury - - - - -	- 6	-	Falkirk - - - - -	-	- 10
Sunderland - - - - -	- 9	-	Ferry Porton Craig - -	-	1 8
Sutton-in-Ashfield - - -	- 5	-	Fraserburgh - - - - -	-	1 8
Sutton, Surrey - - - -	- 5	-	Galashiels - - - - -	-	1 3
Sutton Valence - - - - -	- 10	-	Girvan - - - - -	-	2 6
Swaffham - - - - -	- 10	-	Haddington - - - - -	-	- 10
Swansea - - - - -	- 6	-			
Swindon - - - - -	1 3	-			

Mr. W. B. King.
18 June 1875.

Name of Company.	Common Gas.	Cannel Gas.	Name of Company.	Common Gas.	Cannel Gas.
<i>SCOTLAND—continued.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>SCOTLAND—continued.</i>	<i>s. d.</i>	<i>s. d.</i>
Inverary - - -	-	2 6	Stirling - - -	-	1 8
Inverkeithing - - -	-	1 8	Stonehaven - - -	-	1 4
Inverness - - -	-	2 6	Stranraer - - -	-	2 1
Keith - - -	-	2 6			
Kelso - - -	-	1 8	<i>IRELAND:</i>		
Kettle, Trenchie, &c. - - -	-	- 2	Antrim - - -	- 10	-
Kilsyth - - -	-	- 5	Athy - - -	1 8	-
Kirkcaldy - - -	-	2 3½	Carrickfergus - - -	- 10	-
Kirkcudbright - - -	-	1 3	Carrick-on-Suir - - -	- 9	-
Lanark Consumers - - -	-	3 4	Cookstown - - -	- 10	-
Lander - - -	-	1 8	Dundalk - - -	- 10	-
Leslie, Fife - - -	-	2 6	Ennis - - -	1 8	-
Leven - - -	-	- 10	Enniskillen - - -	- 10	-
Lochgilphhead - - -	-	1 8	Lisburn - - -	- 10	-
Locherbie - - -	-	1 3	Longford - - -	1 8	-
Markinch, Paisley - - -	-	- 10	Lurgan - - -	- 10	-
Maybole, Ayrshire - - -	-	2 6	New Ross - - -	1 3	-
Patrick, Hillhead, and Maryhill. - - -	-	1 -	Newry Consumers - - -	- 10	-
Peebles - - -	-	1 8	Newtownlimavady - - -	1 8	-
Pollokshaws - - -	-	- 10	Omagh - - -	- 10	-
St. Andrews - - -	-	1 3	Portadown - - -	1 8	-
Saltcoats - - -	-	- 10	Sligo - - -	1 8	-
Selkirk - - -	-	1 8	Tullamore - - -	1 8	-
South Queensferry - - -	-	2 6			
Stewarton - - -	-	2 1			

Total, 293 Provincial Companies.

GAS WORKS belonging to Local Boards, Municipal Corporations or Commissioners.

Name of Works.	Common Gas.	Cannel Gas.	Name of Works.	Common Gas.	Cannel Gas.
<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
Arbroath - - -	-	- 5	Huddersfield - - -	3d. & 3d.	-
Ballinasloe - - -	- 10	-	Kilmarnock - - -	-	- 2
Beverley - - -	1 3	-	Leeds - - -	- 3	-
Bingley - - -	- 4	-	Manchester - - -	- 4	-
Birkenhead - - -	- 4	-	Middlesborough - - -	- 5	-
Bradford - - -	- 6	-	Milton (Kent) - - -	1 -	-
Broughty Ferry - - -	-	- 10	Nelson (Burnley) - - -	- 3	-
Burton-on-Trent - - -	1 -	-	Oldham - - -	- 3	-
Buxton - - -	1 -	-	Paisley - - -	-	1 3
Carlisle - - -	- 6	-	Perth - - -	-	1 8
Coleraine - - -	1 8	-	Richmond (Yorkshire) - - -	- 10	-
Darlington - - -	- 4	-	Rochdale - - -	- 6	-
Dewsbury and Batley - - -	- 3	-	Rothsay - - -	-	1 3
Doncaster - - -	- 5	-	St. Mary Church - - -	- 6	-
Dumbarton - - -	-	1 6	Spalding - - -	- 10	-
Dundee - - -	-	1 10	Stockport - - -	-	- 4
Forfar - - -	-	2 1	Stockton-on-Tees - - -	- 9	-
Glasgow - - -	-	- 10	Tenby - - -	- 6	-
Greenock - - -	-	- 10	Youghal - - -	1 3	-
Halifax - - -	- 4	-			
Hamilton - - -	-	1 8			
Hereford - - -	- 5	-			

Under Municipal Corporations, &c., Total 41.

18 June 1875.

[The following Tables were delivered in as an Appendix to Mr. Edward Normer's Evidence :—]

RETURN of the DIVIDENDS Paid by the PHOENIX GAS COMPANY since its Formation.

1824	-	Nil	1863	-	10 and 1½ per cent. ; 1857, arrears.
1825	-	5 per cent.	1864	-	10 and 1½ per cent. ; 1858 arrears.
1826	-	5 "	1865	{	10 per cent.
1827	-	5½ "			7½ "
1828	-	6 "			5 "
1829	-	6 "	1866	{	10 "
1830	-	6 "			7½ "
1831	-	6 "			5 "
1832	-	6 "	1867	{	10 "
1833	-	6 "			7½ "
1834	-	4½ "			5 "
1835	-	3 "	1868	{	10 "
1836	-	3 "			7½ "
1837	-	3 "			5 "
1838	-	3½ "	1869	{	10 "
1839	-	4 "			7½ "
1840	-	5 "			5 "
1841	-	5 "	1870	{	10 "
1842	-	5 "			7½ "
1843	-	5 "			5 "
1844	-	5 "	1871	{	10 "
1845	-	5 "			7½ "
1846	-	5 "			5 "
1847	-	5 "	1872	{	10 "
1848	-	5 "			7½ "
1849	-	4½ "			5 "
1850	-	4½ "	1873	{	10 "
1851	-	3½ "			7½ "
1852	-	3½ "			5 "
1853	-	3½ "	1874	{	10 "
1854	-	4 "			7½ "
1855	-	4½ "			5 "
1856	-	6 "			
1857	-	6½ "			
1858	-	8 "			
1859	-	8 "			
1860	-	8 and 2½ per cent. ; 1854, arrears.			
1861	-	9½ per cent.			
1862	-	10 and 1½ per cent. ; 1856, arrears.			

PHOENIX GASLIGHT AND COKE COMPANY.

STATEMENT of Capital Employed, Coals Carbonised, and Gas made by this Company in the Years 1860 and 1873.

1860.		1873.	
	£.		£.
Share capital -	477,000	Capital employed -	1,027,000 = 16 s. 10 d. per 1,000 feet, and 7 l. 11 s. 2 d. per ton.
Profits in use } as capital -	144,000		
£.	621,000 = 21 s. 10½ d. per 1,000 ft. and 9 l. 1 s. 10 d. per ton.	Coals carbonised -	135,892 tons.
Coals carbonised	- 68,304 tons.	Gas sold	- 1,217,014,000 cubic ft. = 8,956 ft. per ton.
Gas sold	- 567,671,000 cubic feet = 8,311 feet per ton.		

Monday, 21st June 1875.

MEMBERS PRESENT:

Mr. Birley.
Mr. Bristowe.

Mr. John G. Talbot.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

Mr. Serjeant *Sargood* was heard to open the case on behalf of the Chartered Gas Company against the Bill.

21 June 1875.

Tuesday, 22nd June 1875.

MEMBERS PRESENT:

Mr. Birley.
Mr. Thomas Brassey.

Mr. Bristowe.
Mr. John G. Talbot.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

Mr. Serjeant *Sargood* was further heard to open the case for the Gaslight and Coke Company against the Bill.

22 June 1875.

Mr. *George Careless Trewby*, sworn; Examined by Mr. *West*.

6269. ARE you Manager of the Beckton Works of the Gaslight Company?— Mr. *G. C. Trewby*.
I am.

6270. And you are also a Member of the Institute of Civil Engineers?—
Yes.

6271. And have been for a long time engaged in the manufacture of gas?—
—I have.

6272. I will call your attention first to the evidence given by Mr. Heisch in answer to Question 2497; the question is this, "In the supply of gas is it possible to alter the illuminating power by the manufacturer in a very short time, or in a comparatively short time? *A.* Judging from what is supplied to us at the testing stations, I should say it was. *Q.* Within what time? *A.* I have seen as great a change as three candles in less than half an hour in the testing station at Beckton?—Now, in the first place, is it possible?—No, in my judgment, it is not possible.

6273. There is another question, namely, 2518: *Q.* "How often do you go to Beckton? *A.* It is quite uncertain; sometimes once a week; sometimes twice a week, and sometimes not quite so often." *Q.* Do you know how many times Mr. Heisch has been to Beckton over the last six months? *A.* I am informed that he has only been there once.

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6274. Have

Mr. G. C. Trewby.
22 June 1875.

6274. Have you received from Mr. Heisch any complaints or information as to the proper illuminating power of the gas supplied from Beckton?—I have not.

6275. Would you have been the person to whom such a complaint could have been made?—Yes.

6276. Can you conceive any means to be adopted to secure such a result as Mr. Heisch supposes has been procured by that answer which I read to you?—No, I cannot.

6277. Now will you take in your hand the paper abstracting the returns given in evidence by Mr. Young. It is at Question 2694, and those following. Mr. Young's statement is this, is it not, 1874, November 28th, 9 a.m., 16·2 and 16·3?—Yes.

Mr. Bristowe.] You are reading from a consolidated paper made out of the various answers.

Mr. West.] Yes. (To the Witness.) Now, will you give us for November 28th the illuminating power, as tested by you, at an hour nearest to those two hours tested by Mr. Young.

6278. Mr. Philbrick.] It is a test made by you yourself?—No.

6279. Was it made in your presence?—No, it would not be made in my presence.

6280. Mr. West.] You are the person under whose directions these testings are taken; from returns made to you in your official capacity as managing engineer to the Beckton Works, do you find what were the returns and the illuminating power and testings on 28th November 1874?—Yes.

6281. Will you tell us what they are?—At 5 a.m., 16·98; at 11.45, which was the next test, 16·33.

6282. On December 12th Mr. Young states that at 3.30 p.m. it was 14·43; at 4 o'clock, 14·88, corrected 15?—Yes.

6283. Will you tell me what your returns are for the same day at the hour at which they were taken?—The nearest test I have is 1 p.m. of 16·46, and 4 p.m., 16·01; the average of the two being 16·23 corrected.

6284. They are all corrected?—Yes, they are all corrected.

6285. On December 12th, Mr. Young gives two more, 5 o'clock, 14·91; 6 o'clock, 17·32. We have no corresponding testings for those hours?—No.

6286. On December 19th, at half-past four, Mr. Young gives 14·93, and at 5 o'clock, 16·77; 6 o'clock, 18·18, and 7 o'clock, 17·67. What do your returns give in the hour nearest those. You have them for December 19th?—Half-past two, 16·61; at 6 o'clock, 17·47; at 7 o'clock, 16·64, and at half-past eight, 16·93.

6287. Do you know where Mr. Young's testing is taken?—One thousand yards from the works.

6288. Where were your testings taken?—On the works.

6289. Mr. Birley.] Was the same method employed with regard to both testings?—Yes.

6290. Mr. West.] Now go to 1875, February 25th; Mr. Young gives 11 a.m., 12·87 and 13·1; what are your testings for that period?—We had a test at 9.15 of 15·9, and the next test, at 12 o'clock, of 16·14.

6291. March 2nd, Mr. Young gives, at 10.40 p.m., 17·1, and 11.40, 16·16; what do you give?—At 10 p.m., 17·96; at 11 p.m., 16·78; 1 a.m., 16·88.

6292. April 8th, Mr. Young gives, 3.30 p.m., 15·68; 4.25 p.m., 15·94; 8.30 p.m., 16·92; 9.30 p.m., 17·1; 10.30 p.m., 18·04; will you give us the returns made the same day by you?—Half-past 2, 17·03; 4.30 p.m., 16·11; 8 p.m., 17·55; 9 p.m., 17·66; and 10 p.m., 17·61.

6293. What instructions did you receive as to sending out gas of equal illuminating power throughout the day from your directors?—Our instructions are that we are to keep up to the Parliamentary standard.

6294. Throughout the whole day?—Yes.

6295. And that to 16 candles?—Yes.

6296. Is it your practice to do so as nearly as possible?—Yes.

6297. Have you taken out the average of your testings during the week ending

ing 30th September 1874?—I find that we made 351 testings, and the average illuminating power was 16·40. Mr. G. C. Trewby.

22 June 1875.

6298. The quarter ending 31st December 1874 was what?—We made 425 testings, and the average illuminating power was 16·31.

6299. And the quarter ending 31st March?—Six hundred and fifty testings, and the average illuminating power was 16·25.

6300. That gives, does it not, the number of testings as 1,426, and the average illuminating power 16·32?—Yes.

6301. On any occasion have you ever supplied gas direct to the public without going direct through the gasholder?—No.

6302. You say you receive instructions to send out gas of full illuminating power; have you any possible interest in sending it out below the full illuminating power?—None whatever.

6303. I suppose you would incur a heavy censure or dismissal from your directors if you were to do so, and involve them in penalties?—Yes.

6304. In examining the official tests and your own tests, do you frequently find a discrepancy?—Yes.

6305. Will you give us any instance of that?—I find on the 4th February 1874, our test showed an average illuminating power of 17½ candles; the illuminating power which is returned to us from the testing station is only 15·9.

6306. Can you account for that by disturbing causes that would account for it?—No; there were certain disturbing causes found which, in my mind, accounted for it.

6307. Will you describe, if you please, the different methods adopted by persons in testing and by those who have to make the official testings?—We adopt the conditions laid down by the gas referees.

6308. But you have two systems in operation, have you not, in your own station?—Yes, we have a system of the jet photometer.

6309. Will you explain what are the two systems you adopt of testing the illuminating power at your station?—By means of a jet photometer the gas is continually burning through the jet, and as long as the illuminating power remains the same the height of the jet remains the same, that is one method.

6310. Is that a continuous testing?—Yes.

6311. What is the other?—The other actually occupies about 10 minutes, and the illuminating power of gas is tested against candles, and the results are what I have given you; that is the more accurate method.

6312. That is the one you describe?—Yes.

6313. You only keep up the other for the sake of comparison?—Yes.

6314. And also to see that at no time you get below the illuminating power? Yes, that is so.

6315. Do the referees give instructions that 15 minutes at least are to elapse after letting the gas on before testing it?—Yes.

6316. What is the object of that?—The object is that all the atmospheric air shall be driven out of the apparatus, and shall ensure that the gas will come direct from the main, that there shall be no dead gas.

6317. And if by chance the testing should be taken before the 15 minutes, it is likely the illuminating power would not be up to the full extent it ought to be?—It is so.

6318. You have had, I think, recently an illustration of how easily an error may arise in the returns made by the official testers, have you not?—Yes.

6319. Will you explain what it was?—It was in testing for ammonia.

6320. Who was the tester?—Mr. Young; we had been returned, I think, about '8 of a grain for days previously; all at once our ammonia was returned at 4 grains, and we are only allowed 2½ grains by the referees; we were under a penalty, and our own test showed that we were within the mark; and quite by accident I found that for that particular experiment the tester had used a new glass tube with new beads, and the effect of that was to upset the experiment altogether.

6321. You have some correspondence in your hand; what is that?—This all relates to that.

6322. Who is the first letter from?—The first letter is from Mr. Young, giving us formal notice.

6323-4. Just read that letter; this is the same gentleman who made the other experiments?—Yes.

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6325. Will

Mr. G. C. Trewby.

22 June 1875.

6325. Will you read the letter?—"I, William Charles Young, being one of the gas examiners for the City of London, do hereby give you notice, in pursuance of the provisions of the City of London Gas Act, 1868, that at the testing place Beckton-road, N. Woolwich, the gas supplied by your company on the 23rd May was ascertained by me, on the 24th day of May 1875, to be deficient in purity to the extent of 1·5 grains ammonia per 100 cubic feet. Dated the 24th day of May 1875. *W. C. Young, F.C.S.*, Gas Examiner to the City of London and to the Metropolitan Board of Works."

6326. Is that May in this year?—That is May in this year.

6327. Since this Bill has been in Parliament?—Yes.

Mr. Bristowe.] Before the Committee sat?

6328. Mr. West.] Yes. (To the *Witness*.) Will you read the next letter?—Then there follows a letter on the same date, the 24th of May.

Witness.] On the same day we received this letter from Mr. Young: "Sir,—On behalf of the Metropolitan Board of Works, I hereby give you notice that the gas supplied by your company to the above testing station on the 23rd May was ascertained by me, on this 24th May, to be deficient in purity to the extent of 1·5 grains of ammonia per 100 cubic feet."

Mr. Philbrick.] That is a duplicate of the other.

6329. Mr. West.] What is the next letter?—The next in point of date is my own of the 26th May, addressed to Mr. Phillips, the Secretary. "Dear Sir,—With reference to the reported excess of ammonia in our gas, I beg to say that our test here showed that we were within the limit, and I can, I think, account for the discrepancy. It appears that for the experiment in question a new tube, with new beads, were used, and either some of the acid solution was neutralised by a foreign substance other than the ammonia in the gas, or the peculiar change to an inky colour of the hematine while the solution is still and upsets the result. We have found on several occasions that the first experiment with new beads are not to be relied on unless previously washed with, and under these circumstances I think the record should be withdrawn." Then I believe a copy of that letter was sent to Mr. Young; then on the 27th of May he writes: "Sir,—Upon investigation I find that the excess of ammonia mentioned in my report of the 24th inst. was caused by a new apparatus used for the first time on that occasion. I shall be glad, therefore, if you would kindly mark the ammonia returned in the above-mentioned report as *doubtful*."

6330. Why doubtful?—I should have said worthless.

6331. Why doubtful; have you a letter from Dr. Letheby upon that?—I had a letter from Dr. Letheby; the first letter is on the 28th of May. "Dear Sir,—I have written to Mr. Young, the official gas tester at Beckton, for an explanation of the excess of ammonia in the gas on this day, including the 22nd and 23rd instant, and have asked him about the use of new beads on that day, and I daresay his reply will be sufficient to explain the excess referred to." Then the next letter is also from Dr. Letheby, dated 29th May. "Dear Sir,—I thank you for your letter of this day's date with the copy of Mr. Young's explanation of this apparent excess of ammonia in the Beckton gas on the 24th instant. I received a like communication from the Town Clerk at Guildhall and from Mr. Young. It is manifest, therefore, that this apparent excess was due to alkalis in the new tube,"

6332. Who signed it?—Dr. Letheby.

6333. Is it after that that he writes and asks you to make the entry doubtful, or before?—Before; on the 27th he writes.

6334. Under your Act there is this penalty you are exposed to: "If on any day the gas supplied by the company from any station is of less purity than it ought to be under the Act, the company shall forfeit a sum not exceeding 50 l. for each station in respect of which they are so in default"?—Yes.

6335. If Mr. Young had been accurate, you would have been liable to that penalty?—Yes.

6336. This is the same Mr. Young who gives the illuminating power on 25th February of 12·87 and 13·1?—Yes, it is.

6337. Do

6337. Do you know Mr. Young yourself?—Yes.

6338. Is there any book to which you can refer which will tell us at what hour he has attended at the office where it is his duty to test?—No; there is no book.

6339. Is there any means of proving when he has attended, and how often?—Only except from what I am told from time to time by one of our people.

6340. Now we go to your works at Beckton. You are familiar with the whole of the workings, and with the whole of the buildings at Beckton, are you not?—Yes.

6341. Are they, in your opinion, the best and finest in the world for the manufacture of gas?—They are.

6342. Have you ships working to and from the north to your pier?—Yes.

6343. Do you receive a telegram when they leave port, and sometimes in 36 hours they are discharging?—Sometimes 36, and sometimes less than that; we expect them at the pier.

6344. Then you have telegraphic communication with Tilbury?—Yes.

6345. Immediately the vessels pass you telegraph to your men, so that there shall be no detention at the pier?—Yes.

6346. And within 12 hours of the ships coming alongside your pier, they are discharging, or on their way back?—Yes.

6347. Now for the cost of unloading the coal; what is the cost of unloading the coal in the ships and depositing it in the retort-houses?—The cost is 9 *d.* a ton.

6348. That is without wear and tear?—Without wear and tear.

6349. Do you by those means receive your coals fresh?—Yes.

6350. So that they are converted into gas immediately after leaving the pits?—Within 48 hours they are converted into gas.

6351. Have you prepared for a much larger disembarkation of coals in future years than you now make use of?—Yes; we can discharge as much as 4,000 tons in the 24 hours with our present appliances.

6352. Is the pier so arranged that it can be extended?—It could be extended to discharge five steamers instead of two.

6353. Have you also facilities for receiving coal by railway in connection with the Great Eastern, Midland, and other lines?—Yes.

6354. Do you also send your coke both by rail and river to all parts?—Yes.

6355. Do you in consequence of your facilities expect hereafter to get a higher price for your coke than other people?—As far as the coke sent by river is concerned, we shall be able eventually to command a higher price, as we have such facilities for loading; the vessels come in on one tide and are loaded and go away the next, and in some cases we can load them nearly in the same tide.

6356. During last winter how many millions of cubic feet did you manufacture in a day?—About 12½ millions; that is our greatest sale a week.

6357. Next winter how many shall you be able to manufacture?—Next winter we shall be able to manufacture 19,000,000 a day.

6358. Have you at present on your hands large extensions of your works in order to be able to supply the large increase of consumption?—Yes, we have extensions on hand; when they are completed we shall be able to manufacture about 26½ millions, and from that to 27 millions.

6359. It has been proved already that the proportion of capital expended on Beckton per 1,000 feet of gas sold, is for the last year 11*s.* 4*d.*?—Yes.

6360. A considerable quantity of the works now in existence are not yet required?—Not yet required.

6361. And as you extend your manufacturing power, the rate of capital per 1,000 feet will of course be proportionately increased?—Yes.

6362. You have a very large sum of money expended in cranes and locomotive engines, and lime-kilns also?—Yes, in lime kilns; we economise in every possible way; we burn our own lime.

6363. Does each station belonging to you render a separate account of its working weekly?—Yes.

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6364. And

Mr. G. C. Tremby.

22 June 1875.

Mr. G. C. Trewby.
22 June 1875.

6364. And are those returns compared by the directors in order to test the economical working of each of the stations?—They are.

6365. And any discrepancy commented upon to the engineer?—Just so.

Cross-examined by Mr. *Philbrick*.

6366. My learned friend put to you a figure I could not follow, namely, 11 s. 4 d.; if we turn to Mr. Field's table as to the amount of capital employed, I think he said per thousand feet sold?—Per thousand feet sold.

6367. Where do you get the figure from?—It is a figure compiled by our accountant.

6368. Mr. Field's table states it as 19 s. 3 d.?—That is the whole of the stations; I am speaking now of Beckton.

6369. Then is the policy of the Chartered Company to cease manufacturing as far as possible, excepting at Beckton?—The increase is to be provided for at Beckton, for the next four or five years.

6370. Where, as I understand, the appliances of carrying out the works are such that no gas maker in the world ought to be able to produce their gas more favourably?—I think we can manufacture gas as economically there as anywhere else.

6371. But better; what is the use of going there and having the finest works in the world unless you are able to beat your neighbours. When you get into full yield at Beckton, do not you think that you will be able to manufacture gas more economically than it is possible for any other company that has not your appliances, and staff, and works, to manufacture gas?—I will not venture an opinion upon that.

6372. Excluding capital, I am asking you only as to your own department, namely, the management of the manufacture; can you suggest a single company more favourably situated than your own?—A great deal depends upon the question of coke.

6373. As I understand, you are very well situated for river supply?—Yes.

6374. Now as to buying your coal; as wholesale customers you ought to be able to buy your coal as cheaply as anybody?—I should think we do.

6375. If you do not, you would think that is want of due care and management. Now as to bringing the supply from the north, my learned friend asked you a question, and you say you bring it down by as perfect a system as you could devise?—Yes.

6376. Is it an extravagant system, or does it effect a saving?—I think it is a most economical system.

6377. In unloading to bring it to the works, your appliances enable you to do it economically?—Yes.

6378. There are no canal dues on the river, and no demurrage, and the thing can be turned into gas within 48 or 56 hours, or within a very short time?—Yes.

6379. In the manufacture itself, and in the mode that you deal with it, and the yield that you get from your gas, you do as well as your neighbours?—I think we do quite as well.

6380. So that from first to last, in the supply and distribution, and so on, you do as well as your neighbours?—Yes.

6381. So that from first to last, whatever your neighbours can do, you ought to do a little better from these processes I have put to you?—We shall do quite as well.

6382. Do not have any secrets from me. As your works are the best, what prevents you from saying that you cannot do better than your neighbours; is it because you feel your situation is not so good?—No, it is simply that as far as the cost of gas per 1,000 feet is concerned, it resolves itself into what you can get for your coke.

6383. Except in the sale for your coke, you are at an advantage over your neighbours?—Yes.

6384. And as to the sale of your coke, that is a question of market?—Quite so.

6385. The fact is, that going down to Beckton where a large quantity of

coke is produced, there is a large supply in a new district, and you have to make your market to some extent?—Yes.

Mr. G. C. Trevelyan.

22 June 1875.

6386. I will not trouble you with questions of capital, because it is hardly in your department; are you anticipating when your works are in full swing at Beckton, and you are making the 19 millions you are preparing for next winter, do you anticipate to do it with your present plant?—We are increasing our plant.

6387. I mean with the plant you are now putting upon the ground this summer:—Of course we are putting up more retort-houses in order to manufacture that increased quantity.

6388. What is there that is affecting the expenditure on plant; anything material?—Retort-houses and purifying-houses and exhauster-houses; everything in connection with the manufacture.

6389. To what extent have you been expending this season in preparing for the 19 millions?—I cannot tell you from memory.

6390. Roughly you can tell me?—I cannot.

6391. To whatever extent the outlay will be made, will it be an outlay which, in your judgment, would be profitable?—Decidedly.

6392. So that the outlay ought to pay itself, and will pay itself, in the progress of your trading?—It is an outlay in proportion to the increased quantity of gas we have to make.

6393. Now as to the testings; these testings that are made, are they unofficial testings, at an unofficial place; they are not kept by virtue of the Act of Parliament, are they?—No.

6394. Nor is it a place to which any other person has access except yourselves?—I do not know what the Act of Parliament says with respect to that.

6395. You know that the tests made by the examiners are made at a place to which the company can have access, and where the company can have an officer present to watch the tests?—The official tests, yes.

6396. Are these tests you have been giving to the Committee tests taken in a place entirely in your own control, and to which no other human being has access except who the company send there?—They are on our own works.

Mr. Bristowe.] I think Mr. Heisch or Mr. Keats stated that they went to the works when they liked, and everything was opened to them.

Mr. Philbrick.] That is the official place.

Mr. Bristowe.] No, I think on the works.

Witness.] We make no secret of it.

6397. Mr. Philbrick.] The testing place is the place provided by the company, to which the company has access, and to which the officials, the gas examiners, and so on, have access?—Yes.

6398. And you get a return from the official gas examiner of the results of the testing day by day?—Yes.

6399. These other tests that you have been giving us are tests taken at a private office of your own, on your own works?—Yes.

6400. By your own people?—Yes.

6401. Whom you direct to make a test just as you would direct a man whose duty it was to take his part in stoking, or in this, that, or the other?—No; they are men who have been engaged for years for the same thing continually testing.

6402. They are men in the employ of the company for the purpose?—They are persons in the employ of the company for the purpose of testing.

6403. Who is the person really responsible for the tests you have given us?—I will give the name of each of them who made the tests. On the 28th of November, the one at five in the morning was made by George Madbrook; we have the names against every test made.

6404. How many tests do they make, not adopting the jet photometer, which is inaccurate, but adopting the photometer and the sperm candles; how many observations do they make to a test?—Ten observations.

6505. As the referees prescribe?—Precisely as the referees prescribe.

6406. Do you say that you find there are great discrepancies as a rule

Mr. G. C. Trewby.
22 June 1875.

between the result of the tests as furnished to you by the gas examiner and the tests furnished by your own people?—I believe that occasionally we find some discrepancies.

6407. My learned friend asked you a question about a particular date, when you said there was a discrepancy which you thought could be accounted for, where there was, I think, a difference of $17\frac{1}{2}$ against 15 9?—Yes.

6408. And you said that could be accounted for by some disturbing cause?—Yes.

6409. As a rule, are not the observations of the gas manager and your own, singularly in accord?—The average are.

6410. Do you impute to Mr. Young that he is an incompetent person to take the tests?—No; I will not go so far as that.

6411. Do you impute that he is a careless person in taking the tests?—Decidedly, when we see such tests as those.

6412. Do you say he is a careless person?—I say that some blunder must have been committed.

6413. There was a blunder about the heads upon that particular occasion; but do you say that he is a careless person; he has been there for years?—I would rather not give an opinion.

6414. Have you ever made any complaint or representation to the authorities about him?—Yes, I had some time ago, to Mr. Heisch.

6415. Complaining of him?—I complained that the tests did not agree with our own.

6416. Did Mr. Heisch tell you that your own people took them in an exceedingly rough and careless way; I must ask you to be careful about this; did not he tell you the way in which your people took them was more careless and rough than the way taken by the examiners?—Upon the occasion I mentioned, there was a difference of decimal eight-tenths of a candle, and Mr. Heisch said it was not more than the general difference that took place between our testings; but I find the average of testings agreed; but every now and then we had these small discrepancies.

6417. Is the average accurate, notwithstanding the great discrepancies; you do not believe the fact, or the allegation, that the testing at the works, or the testing a thousand yards off the works, ought to produce a different result?—No.

6418. It is as fair to the gas company to test a distance of 1,000 yards off, as at the works?—Yes.

6419. And that would apply equally if it were 2,000 yards?—I have not any experience upon that.

6420. As far as it goes, the travelling makes no difference in the quality of the gas?—I do not think you would find any difference.

6421. Now, as to the excess of ammonia; it is not that you complain that Mr. Young has not accurately conducted his process; have you any doubt that his test really showed the quantity of ammonia that he stated?—No doubt.

6422. The error was that he had not taken into account the fact that he was using a new apparatus?—The misfortune is, in not having found a difference between '8 of a grain one day, and 4 grains the next; he should at once have written across his experiment "doubtful;" he should have seen that there was some disturbing cause.

6423. You do not say that he did not conduct his operations with accuracy, but that he omitted to take into account that disturbing cause?—Yes.

Re-examined by Mr. West.

6424. You have been asked whether the official testings are not sent to you. Have you any of the testings taken unofficially, such as those referred to by Mr. Young, ever come to your notice at all?—No, I never heard of them before.

6425. You have been asked about your special power of producing gas; you do at the present moment supply gas two candles better than any other company in London?—Yes.

6426. According to the Act of Parliament?—Yes.

6427. And how much better upon the average is your gas than that of any other company or the average of other companies, I will take it?

6428. To

6428. To protect yourselves from penalties, I suppose you are obliged to keep a great average above your 16 candles, just the same as the other people have to keep an average above 14 candles?—Yes. Mr. G. C. Trewby.
22 June 1875.

6429. You also supply cheaper than any company but the South Metropolitan Company, do you not?—Yes.

Mr. Cripps.] At Question 2333, on page 156, of the 8th of June, there is an important table.

6430. Mr. West.] The average at the Beckton Station is 17·55. What is the proportion of the gas manufactured at the Beckton Station as compared with that manufactured at the Notting Hill Station?—About four times as much.

6431. My learned friend asked you if it is the policy of the company to abolish their small works, and go to a great distance out of London; are you aware of this section in the Act of Parliament of 1868, Section 57: "The company shall not after the expiration of 12 calendar months from the completion of works for the manufacture and supply of gas at and upon the Barking lands use any part of their present works in Brick-lane and the Curtain-road respectively for the manufacture of gas"?—Yes.

6432. Whatever their policy is, they are compelled to do so by Act of Parliament?—Yes.

6433. And those works are shut up, are they?—Yes, they have been shut up for some time.

6434. By the scheme for the amalgamation with the City Company of 1870, Clause 32, is your company compelled to shut up Blackfriars?—Yes.

6435. And to carry on its works at Beckton?—Yes.

6436. And it has shut up the works at Blackfriars?—Yes.

6437. Mr. Bristowe.] You are pulling down the works?—Yes.

6438. Mr. West.] Will the execution of the works at Beckton enable you to shut up the works at the Horseferry-road, close by?—Yes.

6439. Is it the intention of the company to shut up those works?—Yes, it is the intention of the company to shut up those works, and manufacture the supply at Beckton.

6440. Mr. Talbot.] You are not obliged to do that by Act of Parliament?—No.

6441. Mr. West.] And to sell the land and apply the proceeds to the assets of the company?—I do not know that.

6442. Mr. Brassey.] What is the extreme distance at which you supply the gas from Beckton?—We supply to the extreme portion of the Chartered Company's district.

6443. How far is that from your place of manufacture?—I should think 17 or 18 miles.

6444. Chairman.] Have you any means of testing the leakage in the whole of that distance?—The leakage is taken out upon the whole district of the company.

6445. Have you the means of ascertaining what the leakage is between Beckton and the point of supply in your farthest western district?—We have taken out one of our leading mains and tested it from time to time to see if it leaks, and we have found it practically tight.

6446. Practically, there is no leakage between Beckton and Notting-hill?—Not on our large main.

6447. Mr. Talbot.] Were you present when the evidence on behalf of the Imperial Company was given?—No, I think not.

6448. Could you tell the Committee what your largest day of consumption in the year was. I want to know whether you and the Imperial Company have the same demand?—I cannot speak from memory.

6449. You do not know the largest day of the week?—No; all our stations work together.

6450. You have not any documents showing the largest daily or weekly supply, have you?—I have not the documents by me, but we can give you the information.

Mr. G. C. Trewby.

22 June 1876.

6451. As to the raising of the illuminating power, you said it was impossible that you could have two candles more in half-an-hour?—Yes.

6452. Have you considered whether the infusion of a certain amount of cannel gas could have that effect?—We have to do it from time to time, but we find the greatest difficulty in getting the illuminating power up.

6453. Is it not true that by infusing more than an ordinary amount of cannel gas, you would have the large rise of illuminating power spoken of, in a short time?—Practically you cannot. You might do it experimentally.

6454. How long would it take you to raise gas two candles?—About a candle per hour.

6455. Not quicker than that?—No.

6456. Mr. Birley.] Have you made any experiments to prove that?—No; only from our practical working.

6457. Mr. Bristowe.] That is assuming that your mains are supplied entirely from the gasholders?—Yes.

6458. Then, when you say it is not practicable, it is with reference to the engineering arrangements of your works?—Yes.

6459. That is, that the mains are charged entirely from the gasholders?—Yes.

6460. You told the learned counsel, Mr. Philbrick, it was no matter whether the testing was taken 2,000 yards or 1,000 yards from the works. That is also on the assumption that the mains are sound and that there is no leakage?—The leakage would not affect the illuminating power.

6461. Chairman.] Your greatest delivery last year was on the 22nd of December; in the Imperial it was Christmas Eve?—That is the largest quantity.

6462. Mr. Talbot.] I want to ask you as to the price of labour per man; have you any idea whether you pay more per man than the other companies?—No; we pay the same wages, and we have not the slightest difficulty in getting men down.

6463. Do you employ men living in Woolwich and the neighbourhood?—We have 50 cottages of our own, and we employ the men living in the immediate neighbourhood; but our great source is bringing workmen down by the workmen's trains. We have a communication by railway with the works, and they come night and morning.

6464. Mr. Brassey.] From where?—Stratford, Barking-road, Silvertown, and that neighbourhood.

6465. What number of people do you employ?—We employ for the manufacture of gas in the winter time about 1,000 men at Beckton.

Dr. John Whitmore, sworn; Examined by Mr. Broughton.

Dr. J. Whitmore.

6466. You are the Medical Officer of Health for the parish of St. Marylebone?—I am.

6467. And Gas Examiner?—I am.

6468. How long have you been gas examiner?—For 11 years.

6469. Under what Act are you appointed?—I was official gas examiner until the Act of 1868, and then I ceased to act officially; but I have since then acted for the parish and for the vestry.

6470. What company's gas do you test officially?—The two gases supplied by the Chartered Company, and the gas supplied by the Imperial Company. There is both cannel and common gas supplied by the Chartered Company; those are the three gases that are used in the parish.

6471. You test all three?—Yes, I test all three of them.

6472. Do you conduct the testing yourself, or with an assistant?—They are done by a competent assistant, but they are supervised by myself.

6473. They are supervised by yourself?—Yes, personally. I may state that my assistant has been engaged for 15 years in gas testing, and he is considered by Dr. Letheby and others to be an exceedingly competent and accurate tester.

6474. What is his name?—Mr. Grimwood.

6475. What

6475. What photometer do you use for testing gas?—Letheby's bar photometer.

6476. What apparatus do you use; is it the apparatus prescribed by the referees?—The apparatus that I use and the mode of testing is conducted in strict conformity with the regulations ordered by the gas referees in their memorandum, which was issued for 1874 and 1875.

6477. Is your testing apparatus looked at and kept in order from time to time?—Yes.

6478. Who is that done by?—The vestry employ, under contract, Mr. Sugg to keep it in order, and everything connected with the gas testing, and Mr. Sugg has done that for many years past.

6479. When are your testings made?—At all hours of the day, not very often; at testing hours, for the reason that my assistant is officially engaged at the testing station.

6480. What do you call testing hours?—From half-past 5 in the evening to 8 o'clock at night.

6481. Those are the hours prescribed in the Act of 1868?—Yes.

6482. The Imperial Company is not under the Act of 1868; all your testings are generally taken at unofficial hours?—Yes, at all hours of the day, from 10 o'clock in the morning to 3 or 4 o'clock in the afternoon.

6483. What is the general result of your testings of the Chartered Gas Company's gas?—I have copied from my books the results of five years' testings. I thought that would be long enough for the purposes of the Committee, and I find that in five years, from 1870 to 1874, the mean illuminating power of the Chartered Company's gas was 16·6 candles; that is the mean illuminating power from the commencement of 1870 to the end of 1874.

6484. Mr. *Philbrick*.] Do you mean "the average," by the mean?—I mean the mean of the entire five years. I will come to something more that perhaps you want; the mean of the monthly testings for the entire five years always exceeded 16 candles, except upon one occasion. In October 1870 the mean was 15·9 candles. In seven months of the entire five years the monthly mean exceeded 17 candles. In 28 other months of the entire five years the monthly mean exceeded 16·5, reaching on many of those occasions to 16·9. Now I will give the lowest testings. The lowest testings are the actual lowest testings on any one day during the month. I may state that there is a record of the testings every day. The average testings for the month are 25 in the month, testing for every day, Sundays excepted. The actual lowest illuminating power on any single testing throughout the five years was 15 candles, and taking the mean of all the lowest testings in every month, during the five years, it was 15·9 candles, or one-tenth less than the mean that is the actual lowest.

6485. What was the highest?—The mean highest in the same months was 17 candles, but in single testings it frequently reached 18 candles.

6486. To go to particular dates, have you any testings of the 28th of November 1874?—I was asked to mark the results of the testings on certain dates, and I have them here.

6487. What are they; have you one on the 28th of November 1874?—The 12th of December, 19th of December 1874, the 25th of February 1875, and the 8th of April 1875; I have copied this from my books: on the 28th of November, at 3.30 p.m., the result of that testing was 16·2. On the 12th of December, at 10.30 a.m., the result was 16·5. On the 19th of December, at 1.30 p.m., the result was 16·1. On the 25th February 1875, at 3.30 p.m., it was 17·1; and on no single occasion in that month did the testing ever fall below 16; and on the 8th of April, at 1.15 p.m., it was 15·2; that single testing was, of course, considerably below the average.

6488. Your testing station is 15 miles off?—I am told it is 15 miles. The gas goes from Beckton to the Horseferry-road, that is 12 miles, and then by a very circuitous route to the court-house of Marylebone, where my testing station is, that is five miles more.

6489. What would be the effect of such a journey upon the illuminating power of the gas?—That is a debateable point; I cannot help thinking that we lose something in its illuminating power.

6490. Mr. *Birley*.] That is not ascertained yet?—I think not clearly; I have

Dr. J. Whimmore.

24 June 1875.

my opinion, because I have taken some trouble to arrive at the information, and my opinion is, that though there would be at that distance some undoubted reduction, I do not think it would be to the extent which I have heard it said that there is.

6491. At any rate it is not an ascertained fact agreed upon amongst chemists whether there is a reduction?—I think it depends upon the circumstances; that is, that when gas is travelling rapidly through mains, there may not be a great reduction; but at the time the gas lies in the mains and becomes more and more condensed, I think there is a considerable reduction in the illuminating power.

6492. Does not the gas become purer by travelling along the mains, because it deposits some impurities on the way?—It is supposed to do so; in cold nights in the winter it deposits something very injurious, and which cannot always be provided against—that is naphthaline.

6493. Mr. Broughton.] What is the nature of that deposit?—It is very offensive; it chokes up the mains, and very often we got a reduction in the amount of quantity of light given by the lamps; for that I do not think the gas companies can be held responsible.

6494. Does that deposit of naphthaline affect the illuminating power?—Yes, to a certain extent it would do so.

6495. Would the gas lose more in illuminating power in getting to Marylebone than it did in getting to the City from Beckton?—There is no doubt of that.

6496. You have heard it stated that there has been a great variation in illuminating power in a very short time. That was stated by Mr. Heisch in his evidence. What is your opinion on that subject. What is your opinion of the alteration in the illuminating power, and the facility for altering the illuminating power in a short time?—I should hardly think it possible that it could be so, unless the gasholder were prepared, unless you could empty the gas holder and the retorts and suddenly throw into the retorts a large quantity of cannel coal, which it is possible to do; but I do not think it is possible to produce that great variation in illuminating power in so short a time. I take it for granted that in the gas holder there is a great portion of gas of not so high illuminating power, and you may put into the retorts a large quantity of cannel coal, and so increase the illuminating power; but that when mixed with the gas already in the gas holder would be a reason why it would never rise to that extent in so short a time.

6497. As gas examiner for Marylebone, I presume that any complaint regarding its deficiency in quantity or quality would come to you?—Yes.

6498. Are complaints frequently made?—No, they are not.

6499. It is a large parish, is it not?—It is a very large parish.

6500. And the area supplied by the Chartered Company is very large?—It is principally supplied by the Imperial, but a considerable portion is supplied by the Chartered Company.

6501. What amount of population is supplied by the Chartered Company?—I think the Chartered Company supply, as near as I remember, not more than one-sixth or one-eighth of the entire district.

6502. Comparatively a small portion?—Yes.

6503. Do those consumers ever complain to you of the deficiency in quantity or quality?—No, the complaints are not general, I may say. I have taken an opportunity, for my own information, as well as for the information of the vestry, who very often consult me on the subject, consulting with some of the largest gas consumers in Oxford-street, and it is there that the Chartered Company supply their gas, for the purpose of knowing what their views are as regards the quality and supply of the gas; and the only complaint that I have heard has been that sometimes the pressure is not sufficient in the early hours of the evening. I may mention a case of one establishment, where they pay 1,600 l. a year for their gas, and their employes amount to about 500; but the senior partner of that firm told me the other day that he had no complaint whatever to make of the quality of the gas, and no complaint to make now of the price; he did not like the price last year; but if he had a complaint to make, and I asked him in order that he might do so, it was that in the early hours

hours in the evening, in winter, they did not get quite so much light as they wished, inasmuch as they often had to light their gas by half-past three in the afternoon, and in an hour or two afterwards the lights suddenly jumped up, to the destruction of the gas globes and gas glasses, and inconvenience of the establishment.

6504. Was it a deduction in illuminating power or in quantity?—That is a defect in the quantity, the pressure; the pressure is suddenly increased, and the flame rises up.

6505. To what do you attribute that?—To maintaining during the hours when gas is not largely consumed a low pressure. I think it would be much to the advantage of gas consumers if there was more uniformity between the night and day pressure.

6506. There is a pressure prescribed by the Act, is there not?—Yes.

6507. Do you test the pressure?—Yes.

6508. Perhaps you will tell the Committee the result of your testings for pressure?—I can only do so from memory; the pressure is from about eight-tenths of an inch to an inch pressure in the day, and it is apt sometimes to jump up to 2 and 2½ inches. Now I object to an excessive pressure as much as I do to a low pressure.

6509. What is the pressure required by the Act?—Six-tenths, I think.

6510. Do you find it ever below six-tenths?—It is not below six-tenths, or very rarely below six-tenths.

6511. Mr. *Bristowe*.] Is it very often much more?—Very often it is two inches of pressure.

6512. That is during the height of the supply period?—Yes, I confess there always appears to me to be six-tenths, but that does not appear to me to be enough for the purpose of the consumer.

6513. That is fixed by the Act?—Yes.

6514. You say there is an excess of pressure?—Yes, very often.

6515. What is the reason of that, do you know?—I do not know.

6516. Are there any other complaints regarding the gas?—Yes; householders sometimes write to me and say that they cannot get light enough, or that their light is very bad, or impure, and I generally, on those occasions, cause the letter to be sent to the gas inspector of the district, who invariably investigates the case, and the almost invariable result is that the fault is not with the gas, but either with the fittings or with the burners, or with the insufficient size of the meter, or with something else connected with the house in which it is burnt; the fittings get choked up; I may state that, in my own house, an instance of that kind occurred recently. I take great care to use the best burner, and I try to get the best light I can, but was unable to obtain the necessary amount I required in my dining-room, and I got the gas inspector to examine it. He did examine it, and he found my gas-fittings choked up with oxide of iron, and dust, and corroded in a manner which materially lessens the calibre of the pipes, and when it was blown out it amounted pretty much to a hat full, and my gas burnt very well since; the same condition of things existed with many gas consumers; they did not pay sufficient attention to the gas burners.

6517. That particularly applies to small consumers?—Yes.

6518. It is necessary now and then to change the burners, is it not?—Most necessary.

6519. How often?—It depends upon what burners they are. They want to be dusted and cleaned.

6520. In your experience is it a common thing for a consumer to pay that due attention to his burners, and clean them and have them renewed?—Certainly not.

6521. What is the effect with regard to doing justice to the gas which they receive; is due justice done to the gas when consumed in that manner?—Certainly not.

6522. Could you give me any idea of the amount of depreciation that you consider there would be?—I have tested gas with a view of testing its illuminating power through burners. I have in my possession now an argand burner in very good condition, which, with the 16-candle gas which is obtained from Sugg's standard, will not give 10 candles, and yet such argand burners as those are made and sold.

Dr. J. Whitmore.
22 June 1875.

6523. That of course is the fault of the consumer, and not of the company?
—Yes.

Cross-examined by Mr. Cripps.

6524. What is this gas that you were testing; it was the Chartered gas, was it not. Was it the gas from the Notting Hill station, or from the Beckton station?
—From Beckton, or rather it is gas from Beckton and Bow: 5-6ths of the gas comes from the Beckton works, and 1-6th of the gas comes from Bow.

6525. That probably accounts for any difference in the table. It was not the gas from Beckton only, but the mixed gas from Beckton and Bow?—Yes; in the proportion I mentioned.

6526. Do you say that the mean of that which you tested was about 1·6?—Yes.

6527. Does it keep pretty near that mean without varying much one way or the other?—Very little.

6528. If you once can get pretty certain about getting 16·6-candle gas, whoever supplies it, you can pretty nearly keep to it; there is no great difficulty in keeping to it?—I think there is a great difficulty in keeping up a regular illuminating power.

6529. That is what I want to know from you. I thought you said the mean was a mean, but without any great variation?—I think it would be very unwise and injudicious.

6530. Answer the question, please. When you say “mean,” were you right in saying that your experience does not show a variation from that mean very much higher below or above?—Yes; but some variation.

6531. The largest variation, I understood, was that sometimes they got to 17?—Eighteen.

6532. You said 18 was very exceptional, but as a mean of the monthly testings, the highest you ever got was 17?—Yes, 17 odd, candles; above 17.

6533. In some exceptional cases you said it might be 18, and against that 17, you gave me the lowest monthly testings as 16·5?—Yes.

6534. And that is the whole variation?—15·5 was the lowest.

6535-6. That is the lowest one in a single night?—Yes.

Chairman.] The lowest mean of the lowest of the days in the month; it was not that the whole mean of the month was that; it was the lowest of the every day average.

6537. Mr. Cripps.] The lowest of any single night is 15 candles?—Yes, and I take the mean of the actual lowest testings of every month during the five years, that is to say, I take them up and pick out the very lowest testings; I add them together, and divide them by the number of months; that gives me 15·9.

6538. That is the average of the very lowest?—Yes.

6539. What was the average of the lowest month; not any single night?—I do not give the lowest; I am afraid I have not got that.

6540. Are these 28 months consecutive?—No.

6541. Nor the seven months?—No.

6542. They are the highest and the lowest?—Yes.

6543. *Chairman.*] You say you have in your district two companies, the Imperial having the larger amount of the district; do you find that the consumers give you any opinion as to whether they like one gas better than the other?—No; I may say that the complaints, excepting upon foggy nights, when we know it is difficult to get a good light, except upon those occasions, the complaints do not refer to the quality of the light, but sometimes to the quantity.

6544. What you would say about the absence of complaint would apply as much to the Imperial Company as to the Chartered Company?—Yes.

6545-6. Do you think any consumer who was not able scientifically to test would find out any difference between the two?—I do not think he would.

Wednesday, 23rd June 1875.

MEMBERS PRESENT :

Mr. Birley.
Mr. Thomas Brassey.

Mr. Bristowe.
Mr. John G. Talbot.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

Mr. George William Wadbrook, sworn ; Examined by Mr. West.

6547. WHAT are you ?—I am employed as valve-man.

6548. Are you employed at the Beckton Station ?—Yes.

6549. Do you take testings on behalf of the Chartered Company ?—
I do.

Mr.
G. W. Wadbrook.
23 June 1875.

6550. Can you tell me, without my calling your attention to the dates, to which of the dates referred to yesterday by Mr. Trewby will your evidence refer ?—It refers to every day.

6551. How long do you take the testings ?—For two hours, and sometimes two hours and-a-half for 12 hours out of the 24.

6552. When you have taken the testings, to whom do you send or give the returns ?—We leave it for the average to be made up by the chemist, who makes the average out for the 24 hours.

6553. Previous to your delivering in the returns, when you find that the illuminating power is below 16 candles, what is it your duty to do ?—To give information to the foreman to use cannell to fetch it up, and we have a holder served with a superior quality, so that we may mix it up, as it takes two or three hours to bring it up to the mark.

6554. Is it your duty to keep your eye upon the jet photometers ?—It is.

6555. And you record from the jet, of course, what is the amount of illuminating power, according to that test ?—Yes.

6556. You were, I believe, in the employment of the Chartered Company during November 1874 ?—Yes.

Cross-examined by Mr. Philbrick.

6557. Do I understand you that a chemist checks the figures that you give him and reduces them to the proper standard ?—It is tested for 12 hours every two hours, and it is made on strips of paper for the chemist to take down in a book, and each of our names is signed to each of the tests.

6558. You make certain observations ?—Yes.

6559. And they are given to the chemist, and he corrects them, or do you correct them ?—I correct them.

6560. The chemist merely takes them down ?—Yes.

6561. What do you want the chemist for ; is there any chemical work to do to it ?—No.

6562. He merely writes it down ?—He merely keeps a book.

6563. It begins and ends with you ; you are the person responsible for the whole accuracy of it ?—Yes.

6564. In order to make the test of the referees, you have to see that you are burning 5 cubic feet an hour ?—Yes.

6565. And at a certain pressure ?—Yes.

6566. You have meters there specially for the purpose of the test room, I suppose ?—Yes, on purpose for the photometer.

6567. On purpose for the test room ?—Yes.

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6568. Have

Mr.
G. W. Wadbrook.
—
23 June 1875.

6568. Have you any machinery for checking those meters on your works at Beckton?—I have a clock.

6569. I mean for testing the meters themselves; there is a test?—Yes.

6570. What is your machinery for testing the meters?—A cubic foot bottle, but we do not regulate that; the chemist does that.

6571. It is a cubic foot bottle, but you do not use it?—No.

6572. If it is not used that is not the test; have you any test for checking the meters at Beckton?—Only by this cubic foot test.

6573. You do not use it?—We do not, but it is used during every other night during testing hours.

6574-5. It is not used to test the meters?—Yes, it is used to test the meters.

6576. It is used by some one else to check the meters, or to check the results?—To check the meters.

6577. Is your meter tested every day?—Not every day, but two or three times a week.

6578. You have a telegraphic communication from your works to some of the official testing stations, have you not?—Yes.

6579. What is that used for; is it to give you notice whether there is anything that wants correcting in the illuminating power?—It is as to everything concerning the works.

6580. If the illuminating power should drop below what it ought to be, do not you get notice of it instant?—We should; but it never does drop like that; if it did drop they would give notice.

6581. It would be the duty of the telegraph person to do so?—Yes.

6582. Supposing such a thing came, orders would be given to put candle into the retorts, I suppose?—Yes.

6583. In order to bring it up to the standard?—Yes.

6584. And, I suppose, occasionally orders are given when you are approaching the standard?—By using a certain kind of coal; you cannot keep it up to the standard, and you have to use candle to make it up to the standard.

6585. How quickly have you known the alteration in the test show itself?—The jet photometer we look at four or five times in the hour.

6586. There are 10 observations made with the photometer?—Yes.

6587. Have not you found that the illuminating power has varied between the first and last of those times?—It has varied, but it does not vary very much; this jet photometer shows whether it is dropping or rising.

6588. And you go by it as being the more obvious instrument; the flame is burning before you?—Yes.

6589. It is the handiest to go by for a rough purpose of that kind?—Yes.

6590. How much have you known it increase within the 10 minutes that the 10 tests are taken; two candles?—No; it would not vary a quarter of a candle during the 10 minutes.

6591. Have you never known it vary a quarter of a candle during the 10 minutes?—Not during the 10 minutes.

6592. When you find any necessity to put on further illuminating power into the gas, how long does it take you to do it?—It all depends upon the consumption.

6593. Assuming that it is a brisk consumption, and it is at a time when the gas is being burned freely?—By opening the holder with the superior quality in it, if it does get below the standard, it will alter in a very short time.

6594. What do you call a very short time; half an hour?—Yes, say half an hour, assuming that it was a quick and rapid consumption.

Re-examined by Mr. West.

6595. With what station is there the telegraphic communication to which you have alluded?—To Blackfriars, to Goswell-road, and Westminster, and Kensal Green, and to Pimlico.

6596. Not the testing stations?—Not the testing stations.

6597. If you were to see that the illuminating power varied during the 10 minutes

minutes two candles, you would think that the instrument must be rather a queer one?—Yes.

6598. And you would think that there must be some error in the instrument?—I should think so.

6599. Mr. Beale is the chemist to whom you just referred, is he not?—Yes.

Mr.
G. W. Wadbrook.

23 June 1875.

Mr. Frederick Beale, sworn ; Examined by Mr. Broughton.

6600. You had the superintendence of the chemical part of the testings at the works of the Chartered Company at Beckton, had you not?—I had at the time referred to.

Mr. F. Beale.

6601. By "that time," you mean to refer to the 12th of December last year, and the dates given in evidence by Mr. Trewby?—Yes.

6602. Do you know the dates?—No, I do not know the dates.

6603. Mr. Bristowe.] From December to March?—Yes.

6604. Mr. Broughton.] I understand that there are two modes of testing, namely, by the jet photometer and by the bar photometer?—Yes.

6605. The jet photometer is a rough means for the workmen to go by, and the bar photometer is more accurate?—Yes.

6606. Is the jet photometer in a place where it can be seen by the official testers, if they like to come?—Yes.

6607. And as to the testing by the bar photometer, is that conducted in a place where they can see it if they choose?—Yes.

6608. There is no concealment about it?—No.

6609. Is the jet photometer tolerably accurate? Can you give the Committee some idea of the limits of its inaccuracy. Can you say the limits within which the jet photometer contains an accurate record?—It is a rough test for our men to go by without having to go through a lengthy experiment.

6610. Is it tolerably accurate?—Yes.

6611. Within how much?—Within half a candle.

6612. Have you heard the evidence of the gentlemen who said that the illuminating power varied to the extent of two candles in 10 minutes?—I have seen the evidence.

6613. What is your opinion upon that subject?—That it could not be so.

6614. You think that it could not be so?—Certainly.

6615. You are certain of that, are you?—Quite certain.

Cross-examined by Mr. Philbrick.

6616. Did you ever try, or were you ever present, when anybody tried to do it?—No, we never tried to do it.

6617. And you have never seen it done?—No.

6618. Then why do you say that it is impossible; why could not it be done? With works of large magnitude, of course it is impossible.

6619. It is chemically possible you mean, but in such large works as yours, it could not be done?—Certainly not.

6620. Were you ever present to see such a thing as this, the charge of a retort entirely drawn, and the retort filled with cannel?—Yes.

6621. What was that done for?—To increase the illuminating power.

6622. How soon does the thing answer; how soon do you find the improvement at your testing place in the works?—About two hours.

6623. And how many retorts are drawn and charged with cannel, when it takes two hours to show the result?—I could hardly say the number of retorts.

6624. The more you empty the quicker you see it?—Yes.

Re-examined by Mr. West.

6625. It might be possible to empty one retort and charge it with cannel coal;

Mr. F. Beale.
23 June 1875.

coal ; how many retorts has the Chartered Company at Beckton, 3,000 or 4,000 ?
—Now there are between 3,000 and 4,000.

6626. Would it be possible to empty all those retorts and charge them with cannel coal, so as to create a sudden rise in the illuminating power ?—It would not be very sudden then.

6627. Has it ever been done since you have been there ?—Never.

Mr. Frederick John Evans, sworn ; Examined by Mr. West.

Mr. F. J. Evans.

6628. You are, I believe, a Civil Engineer ?—Yes.

6629. And you were one of the three gas referees ?—Yes.

6630. And you were originally appointed by the Board of Trade under the City of London Gas Act of 1868 ?—Yes.

6631. When did you cease to be a referee ?—I resigned in June 1870.

6632. Were you invited by the Board of Trade to continue to be a referee ?—Yes, upon three occasions.

6633. For your own purposes you declined to do so ?—Yes.

6634. Are you now a director of the Chartered Gas Company ?—Yes.

6635. I will not take you through the provisions of the Act of 1868, but you are perfectly familiar with the provisions of the Act of 1868 ?—Yes.

6636. Do you think that that Act was a good scheme for the protection of the consumers ?—Yes, I think they were well protected.

6637. And you think that it worked well while you were a referee ?—Yes, quite so.

6638. There was a good deal of ridicule cast upon a question I asked as to the Beckton Works ; will you just describe to the Committee what your opinion of the Beckton Works is, and what are the works that have been created there ; and are being created ; I ought to ask this question ; you were formerly engineer in chief to the Chartered Company ?—Yes.

6639. Now, will you describe the Beckton Works to the Committee ?—The Beckton Works cover a very large extent of ground. The works alone stand upon 150 acres and were originally built to make 10,000,000 feet per day. We have a very large pier 800 feet long, running into the river, turning at right angles, so that the steamers can lie alongside, and we have an apparatus for unloading the coal into railway trucks running on the pier. The railway is continued into all the retort houses, so that we unload the coal from the ships into the retort houses. By that means we are enabled to get the coal in a fresh state ; we do not have to store it, by which a great saving is effected in the quantity of gas per ton. It comes fresh from the pit, and that alone is of great advantage, enabling us to get from 50 to 60 feet a ton more than we should if the coal were put into the stores. Within the last three or four years we have gone on in consequence of our amalgamations with other companies, and also the great demand from the natural increase of gas lighting ; we have doubled the works as far as the manufacturing power is concerned ; in fact we have now in hand, or shall have at the end of the year, eight retort houses, which will make 20,000,000 feet per day. We shall make 20,000,000 feet a day ; and in addition to that we have two more houses in progress which will enable us to make 26,000,000 feet a day altogether. So that we are in a good position for meeting all the increased demand for gas. We have by these means been able to do away with some of the manufacture at our other stations.

6640. When will the 26,000,000 feet a day be made ?—I should think the works will be finished in 1876. It will be at the end of this year 20,000,000 feet a-day. By these means we are enabled to do away with the manufacture of gas at Goswell-street, Curtain-road Station, Blackfriars, and to a great extent at the Westminster Station, and I expect by the end of this year the Westminster Station will cease to manufacture gas, so that we shall have done away with four stations in the heart of London.

6641. As to the purification of gas, are you able to purify gas at Beckton according to a process which cannot be adopted in London ?—Yes, by the use of lime.

6642. Does that occasion considerable expense to the company ?—Yes, it adds very much to the expense.

6643. But

6643. But it improves the gas very much, does it not?—It reduces the amount of sulphur. Mr. F. J. Evans.

6644. It is impossible, is it not, to use that method of purification in a densely populated district, on account of the nuisance?—Yes, the smell is so offensive that we should be indicted if we used it. 23 June 1875.

6645. And, in fact, the Beckton works are the only works that are subjected to the rules of the referees for the purification of gas?—No; all the stations are subject to the rules; but the gas made at Beckton is compelled to have five grains less sulphur. The other stations are allowed 20; Beckton 15.

6646. The rules of the referees compel you to produce purer gas at Beckton than can be insisted upon at any other stations; do they not?—Yes, that is so.

6647. That to some extent increases the expense of your production, does not it?—Very much.

6648. Have you finished your description of the works?—Yes.

6649. There are 150 acres that you have bought, have you not?—Yes, about that.

6650. How much have you covered with your works?—I should think, at the present time, about 40 to 50 acres are covered.

6651. Then how much is reserved?—About 100 acres.

6652. When you begin to complete your Beckton works, I suppose you intend to supply the other companies in bulk, which you have power to do?—If they apply to us we should be in a position to do so.

6653. And you have laid out that ground with that object?—Yes.

6654. That I suppose would obviate any difficulty with regard to other companies, as to increasing their capital?—There is no doubt we could manufacture a very large quantity of gas in addition to our own wants.

6655. That would obviate the necessity of other companies increasing their manufacturing works in the metropolis?—It would.

6656. And it is with that view that you have bought this large quantity of land?—No, I could not say that it was with that view.

6657. Is not that one of the objects you had in view in purchasing the land?—No, the object we had in view in purchasing the land was for our own purposes; there was no amalgamation at that time contemplated.

6658. Supposing the other companies under the existing Acts of Parliament to amalgamate with the Chartered Company, shall you be able to supply them with gas from the Beckton works?—We should.

6659. Is that within your contemplation under the Act of 1868?—The Act gives us the power to do it, and we should be in a position to do it.

6660. Would not it in your opinion require nearly as large an expenditure of capital by us, to supply them in bulk with gas, as it would require for them to build new works?—No, far less; we have got the ground and the pier, and everything to carry on the works, and it would be only a question of plant.

6661. Would it be a very great economy to the whole of the metropolis?—There is no doubt about it.

6662. As regards the distribution of gas in the different districts of the other companies, would any considerable economy be gained by amalgamation?—We have found it so.

6663. Have you found any considerable savings from your amalgamations which have already taken place?—Yes.

6664. What are the principal elements of saving you have found from experience?—Take the City for example, there were three companies' mains in the City; since the amalgamation has taken place a very large number of those mains have been taken up, and the whole of the supply now is being given by one set of mains; the effect has been to prevent a very large amount of leakage, and that of course represents so much saving; our leakage has very much reduced ever since the amalgamations have taken place.

6665. Can you tell what per-centage has it reduced; from 16 per cent. down to about nine per cent.?—Nine or 10 per cent.

6666. From 16 down to 9 or 10 per cent.?—Yes; I recollect the time when it was over 25 per cent.

6667. Is it capable of further reduction, do you think?—I do not think it can be very much lower; we may get it a little lower, but not a great deal; the

Mr. F. J. Evans.
23 June 1875.

whole of that leakage, or what we call leakage, is not properly leakage; it is not gas lost through the leakage of the mains; the greater part of it is unaccounted for gas; that is from defective meters and storage, and all that sort of thing, but the mere leakage itself I do not think is much more than 4 or 5 per cent.

6668. We supply both cannel and common gas, do we not?—Yes, we do.

6669. Therefore does it not follow that our leakage is greater in proportion than it would be if we only supplied one sort of gas?—Yes, we have two sets of mains; the whole of Westminster, St. George's parish, and St. James's parish have two sets of mains.

6670. Does the multiplication of mains increase the leakage?—Yes; of course it does, in proportion to the length of main.

6671. The amalgamations you may say are only in their infancy at present?—We have absorbed the Great Central and the City of London.

Cross-examined by Mr. Cripps.

6672. You are a director of the company, and you know all about these matters; of course upon this large outlay of capital you are looking for future profit from it in coming years?—Yes.

6673. The outlay you have made will be more productive than at the present time?—Quite so.

6674. And with reference to the land you have bought, a considerable portion of that land is unproductive now; but you propose to remove some of your stations to that land, and to occupy it?—Yes, and also to meet extensions.

6675. When that is done you will have land much more valuable in London, now occupied by your gasworks or lately occupied by your gas works to dispose of?—That is so.

6676. In fact you have already moved from Blackfriars?—That is sold, and we are pulling it down now.

6677. And I suppose you have derived, or are about to derive a very considerable amount of money from the sale of the land which had been occupied there by the gas works?—That is sold to the Corporation.

6678. Is it for 150,000 *l.*?—No, for 170,000 *l.*

6679. What has been the expenditure upon the purchase of lands at Beckton?—The gas lands at Beckton were 50,000 *l.*

6680. For 50,000 *l.* you have acquired all the land that you have at Beckton?—That is as far as the gasworks is concerned, what we have laid out there.

6681. When you speak of 50,000 *l.*, that is the land upon which your works are, and are intended to be?—Yes.

6682. And you get 170,000 *l.* for that which is taken away?—Yes.

6683. Mr. Birley.] How many acres have you at Beckton?—One hundred and fifty acres for the gasworks, and 150 acres along the road.

6684. Mr. Cripps.] That change will enable you to supply gas at a cheaper rate per 1,000?—Yes.

6685. This concentration of the works at Beckton will also produce economy, will it not?—No doubt.

6686. And will in the same way enable you to supply gas cheaper?—Yes.

6687. Take coal; you are particularly favourably circumstanced at Beckton for getting coal to your works?—Very highly so.

6688. What would be the difference per ton in the cost of coal, if you had to take it to Beckton or had to take it on to these works, which will be abandoned for the purpose of going to Beckton?—The difference between Beckton and our Westminster station is as much as 4 *s.* a ton.

6689. And in that respect you will be able to supply gas at a much cheaper rate per thousand?—Yes, but that is not the whole advantage; the great advantage to us is having the coal fresh; we do not store it, and it is always fresh, and we are able to get more from it per ton than we otherwise would do.

6690. And 4 *s.* a ton permanently saved in the coal is a considerable reduction in pence per thousand?—It is a large amount.

6691. You can no doubt give us what it is per thousand?—I cannot give it off-hand, but it is a very large amount.

6692. As much as 4 *d.* per thousand cubic feet?—Yes.

6693. You

6693. You intend to supply gas in bulk to the other companies?—If they apply to us. Mr. F. J. Evans.

23 June 1875.

6694. Do you think that that would be a cheaper thing for the other companies than manufacturing for themselves?—Yes, I think so; there is a large amount of capital already laid out in land, and railway, and pier, so that all the capital which we should have to lay out would be in plant; that is gasholders, retorts, and purifiers.

6695. And you not only will be able to supply the gas considerably cheaper yourselves, but your works will enable other companies to supply gas cheaper too?—I think so.

6696. One of your recent reports is handed to me, but it merely seems to be much in the same sense as what you have told me?—Which one is that?

6697. April 1869; that is a year when you were laying out money at Beckton; you say it was to make certain things cheaper, but it does not go further than what you have already told me. Now there is another matter which you mentioned; you spoke of having taken up mains of old companies in the City and putting down new mains, by which you say a considerable amount of leaking is saved?—I did not say we had taken up the old mains and put new ones in their place; I said we had taken up the old ones and made one set do for the two or three sets that were there previously.

6698. You have made some alteration whereby you have saved the leakage?—Yes.

6699. That leakage was a considerable drain upon your resources, was not it?—It was.

6700. There again, whatever you save it will enable you to supply gas cheaper for the future?—Undoubtedly.

6701. And it is not a very small item but a material item?—A very large item.

6702. You generally find that a greater leakage is incurred by having to supply cannel as well as common coal gas?—Yes.

6703. So far as a considerable portion of the district is concerned, you have now dispensed with the cannel coal, and supply only common gas?—As far as the Western works are concerned.

6704. That is a distinct building from your works?—Yes.

6705. You have a saving in having only one main instead of two?—It is only the substitution of one.

6706. I understood you to say it was a cause of loss, the cannel and common gas both having to be supplied?—Yes; I said Westminster, St. Martin's, St. George's, St. John's, and St. James's.

6707. You, as a gas maker, will know this, you have supplied common gas for a considerable time—is your proportion of the cannel you make gas with as low as the Imperial was; namely, cannel only 3 per cent. of the whole?—No; our per-centage is about 6 per cent., as far as common gas is concerned.

6708. Do not misunderstand the question; I am not of course alluding to cannel so far as it goes for cannel gas, but by the infusion of cannel for the purpose of making common gas?—That is somewhere about 6 per cent.

6709. I do not know whether your attention has been called to the document with which I have been supplied, the very last return of the Imperial Company, which gives the per centage of 97 of Newcastle and 3 of cannel only?—That is not the Chartered experience.

6710. I daresay you heard the evidence yesterday by Dr. Whitmore, who tested your gas?—Yes.

6711. And you have no reason to believe the figures he gave us as to the average of your gas are incorrect?—No, I think he is correct.

6712. On the first page of Mr. Field's book you will find what the Imperial have in the proportion of cannel and Newcastle for 1874?—Three per cent. of cannel, I see.

6713. They have diminished it from 5 to 3 per cent.?—Yes; but they are three candles less.

6714. If you look at the Act of Parliament you will find two candles difference?—I think you will find it so in fact.

6715. We have it pretty clearly in the testings, which the Act imposes on you. But you have nothing else to attribute this to than the higher illuminating

Mr. F. J. Evans.
23 June 1875.

power that you give. You see in Mr. Field's book, on coals carbonized there is a per centage of coal, whether Newcastle or cannel, and in the last year it is 97 of Newcastle to three of cannel?—We cannot give our illuminating power without that per centage of cannel.

6716. That is exactly what I thought you would say. You see the Imperial at one time since their Act passed, required 7 per cent. of cannel, which they have reduced to 6 per cent. and 5 per cent., and now 3 per cent?—Yes.

6717. And to enable you to produce your illuminating power, you want 10 per cent of cannel?—No, I said 6 per cent, not 10 per cent.

6718. Your proportion still is 6 per cent. ?—Yes.

6719. For whatever illuminating power you give while theirs 3 per cent?—Yes.

6720. Can you say what additional expense over gas made entirely of Newcastle coal 3 per cent. of cannel would entail; something small, is it not?—It would not be a very large amount.

6721. Would it be a farthing?—I should think it would be a great deal more than that.

6722. I think we have it somewhere in the evidence?—It is easily worked out.

6723. It could not be a halfpenny?—Possibly not.

6724. Somewhere between a farthing and a halfpenny?—It may be so.

Re-examined by Mr. West.

6725. Do you attribute the greater use of the cannel, by the Chartered Company, to its having to deliver gas of a higher illuminating power?—I do.

6726. Is there another reason for it; are you aware that the Imperial Company use Wigan cannel; assuming that they use Wigan cannel, and you use Hucknell cannel, is it not the fact that Wigan cannel produces a greater amount of illuminating power than the Hucknell cannel?—Yes.

6727. Therefore the Company using Hucknell cannel will have to use more in proportion than the Company using Wigan cannel?—Yes.

6728. Does it answer the Company's purpose better to use Hucknell cannel or Wigan cannel?—We use it partially, but we do not use it entirely; we use Scotch cannel generally.

6729. Mr. Cripps.] Scotch cannel is better than Wigan in some cases?—Yes.

6730. Mr. West.] In order to supply gas of a higher illuminating power, you have to use more cannel, and therefore it costs more?—Yes.

6731. Chairman.] Are you the superintendent of the working and manufacture of the gas?—No, I was chief engineer, and designed the Beckton Works, and then I was elected a director of the Company.

6732. There is the fact that your working expenses are very much higher than the average; can you tell me why they are? The average in 1873 is 33·59, and yours is 36·92. In 1869 your Company, the Gaslight, by itself is 37·03, and the average is 29·75, and it goes on very much in the same way?—Of course I do not know how those tables are made; we are the only Company that unload the coals ourselves; most of the coals supplied to the different Gas Companies are unloaded by the ship.

6733. It can hardly be that, because your price of coal is so much more than the other?—No, I think you will find it is less.

6734. Perhaps it is the cannel that makes it so?—It is; there are 90,000 tons of cannel used in the year, and some of it is 25 s. to 30 s. and 40 s. a ton.

6735. Does it make a difference?—I am certain it does.

6736. Your average of wages for 1873 is 5·28, and the general average is 4·98; there is not much in that?—No.

6737. I see that the Western Company consumed almost entirely cannel?—They made nothing but cannel gas; they make now nothing but common gas.

6738. Can you tell us what has been the feeling of the consumers with reference to that change?—Some have liked it; others have not liked it; others want to go back to the old plan, but as a general rule they are satisfied with the gas they get; some say the gas is quite as good as it was when it was cannel gas.

6739. What

6739. What would be your own ideas as an expert in the matter?—I think 16-candle gas is quite sufficient.

Mr. F. J. Evans.

6740. What do the Western give?—Twenty candles; 16 candles is the actual Parliamentary standard, but we give more.

23 June 1875.

6741. Was it or not a loss to the consumer, because he would not want to take as much gas if it produced the 20 candles?—I believe many of the consumers are paying less for the gas now than what they did before; they are quite as well satisfied with the light.

6742. Mr. Talbot.] Is the gas in the streets of the same illuminating power as it used to be?—Yes, it is the same gas as is supplied to the public.

6743. You spoke of those companies with which you amalgamated. You say they supplied a higher illuminating power; did that apply to public streets?—Yes.

6744. Do you think the gas in the public streets is as bright as it was?—The gas is as good; but the local authorities have reduced the quantity consumed.

6745. Chairman.] Were the lamps in the Western district supplied with cannel gas?—Yes.

6746. What is your arrangement with the consumers about meters?—They pay rent.

6747. Have you much complaint of the meters being out of order?—No.

6748. Who do you send to take the meterage generally?—We have inspectors of meters, and they go round every quarter and take the index of the meter, and they leave a statement at the house.

6749. There has not been much complaint from the consumers with reference to that, has there?—No, their complaints are a mere bagatelle.

Mr. John William Field, sworn; Examined by Mr. West.

6750. ARE you Accountant for the Chartered Company?—I am.

Mr. J. W. Field.

6751. Was it your duty in 1873 to prepare for the revision?—Not in 1873; in the year 1874.

6752. When did you become their accountant?—In June 1873, after the revision.

6753. Was it your duty to prepare the accounts for the revision of 1874?—It was.

6754. In consequence of the experience gained in 1873, had you any practical difficulty in preparing for or carrying on the investigation before the Commissioners of 1874?—We had none.

6755. Was all the information required by both parties furnished systematically?—Yes.

6756. Without great delay?—Without any delay.

6757. There are some advantages, are there not, to be obtained from such an inquiry; for instance, was your attention specially called by the Commissioners to the extent of unaccounted for gas which you had to deal with?—It was in both years.

6758. Was the evidence before the Commissioners directed to that?—Very strongly, and especially in the year 1873.

6759. And was it referred to in the memorandum by the Commissioners?—I believe it was in both years.

6760. Did you after they had made those representations give special attention to all matters connected with that loss of gas?—Yes, in both the years 1873 and 1874, and further works were carried out to reduce the unaccounted for gas as much as possible.

6761. Can you give the figures as to the reduction of the loss by leakage?—Yes; in the year 1872, the unaccounted for gas was something like 17 per cent. on the whole quantity; in the year 1873, on the common gas, the unaccounted for per-centage was 13·2; in the following year it was reduced to 9·3; the cannel gas was reduced to 11·6; in 1873, it remained nearly as it did for the year 1874.

6762. As regards the common gas, has there been a reduction from about 17

Mr. J. W. Field. per cent. to between 9 and 10 per cent. ?—Yes, just over 9 per cent. it was last year.
23 June 1875.

6763. Can you tell me what the actual results of 1874 show as to increased gas per ton of coal; how many feet ?—About 639 feet as compared with the estimate we laid before the Revision Commissioners; that was the increase; the estimate we laid before them was a sale of 8,200 feet a ton; that was the increase in the fall of 1873, and therefore the actual increase of gas sold per ton in 1874 as compared with 1873, was something like 750 feet.

6764. Was I right in saying that those matters effected a saving of 36,755 tons of coal in the year 1874 ?—Yes, as compared with our estimate before the Revision Commissioners.

6765. Supposing you had not had the revision as to the price of gas, what would have been your dividend upon the ordinary shares in 1873 ?—Just under 3 per cent.

6766. And in 1874 ?—We should have paid no dividend whatever and would have been unable to pay interest on our debenture debt.

6767. All of it ?—We should have been able to pay a part of our interest upon the debenture debt but neither preference or ordinary dividend.

6768. The Revision Commissioners acting upon the suggestion made by the Metropolitan Board of Works, recommended that all your accounts should be placed in a certain form, did they not ?—The Metropolitan Board of Works said that the then existing form of accounts did not give them sufficient information, and the Commissioners, in the memorandum attached to their award, stated that they agreed with the Metropolitan Board of Works, that certain information should be given in addition to that already given, and Mr. Parkes, the official officer, with the consent of the Board of Trade, has made all the alterations they required.

6769. And are the accounts kept according to his directions now ?—Entirely.

6770. Now, as to the comparison of cost of manufacture between the Chartered Company and the other London Companies, is it possible to make a satisfactory comparison ?—Quite impossible.

6771. Why ?—The conditions of the Chartered, from the fact that they are supplying two qualities of gas, prevents any fair comparison being drawn.

6772. Can you give me the per-centage of cannel coal that you have been obliged to use; first, in the manufacture of common gas, and then in the manufacture of cannel gas ?—In the manufacture of common gas we use 6 per cent. of cannel, and in the manufacture of cannel gas 36 per-cent. of cannel coal. In the year 1873 we used a great deal more than that, but last year you may take as a normal year.

6773. And besides the increase in price of cannel coal, is the coke of cannel coal as valuable as the coke of common coal ?—Some of it is entirely worthless; we use a great deal of it for mending the roads on the works.

6774. Your revenue from coke is also affected from the company's principal works being at a great distance from London ?—Yes; though that is improving, but it is still largely influenced by the works being at so great a distance from any inhabited town.

6775. Did you make an experiment in the early part of 1874 by the transfer of a large quantity of your coke to London ?—Yes; when the price of coke was very high in London we tried the experiment of bringing the Beckton coke down the river and landing it at the wharf at Blackfriars, and also at Westminster; the result of that was that on 1,800 chaldrons of coke we lost 250 l.; we found that the quantity of coke that was put on board at Beckton was reduced when it got to Blackfriars by a very large per-centage indeed, and there was an actual loss of 250 l. incurred in that small quantity.

6776. And you immediately desisted from that experiment ?—Quite so.

6777. Will the cost of lighterage and cartage be much reduced at the Beckton station when the station becomes more largely used ?—Yes, it will be a very important saving.

6778. Then there is another element of expense which Mr. Evans has given, namely, the removal of the sulphur impurities at Beckton ?—It considerably adds to the cost of purification.

6779. That is the lime process, is it not ?—Yes.

6780. Have not you got a statement there of the cost of lighterage and cartage as delivered at the different retort houses belonging to the company in 1874 ?—

1874?—I have. The cost of lighterage and cartage at the Westminster station is 3 s. 4 d. a ton; Bow Common, 2 s. 1½ d.; Silvertown, 1 s. 3 d.; Pimlico, 1 s. 3 d.; Kensal Green, 2 s. 9 d. a ton; at Beckton nothing at all.

Mr. J. W. Field.

23 June 1875.

6781. There is a saving of those sums at Beckton?—Yes, and also a saving under the head of wages at Beckton. At Westminster the wages are 1 s., at Bow Common 6 d., at Silvertown 1 s. 6 d., at Pimlico, 1 s. 1½ d., at Kensal Green, 1 s. 1½ d., and Beckton nothing at all. The reason why we get no wages at Beckton is because we claim from the coalowner the cost of unloading the coals, which is 1 s. 1 d. a ton, and we get the advantage of that.

6782. There is also a small special charge on the Chartered Company of superannuation to different officers of the companies when amalgamated?—That is '89 of a penny.

6783. That will come to an end when the annuities cease?—Yes.

6784. Then there is the capital account, which we have already gone into; have you got the document containing the capital of the company; it is the letter (A)?—Yes.

6785. This shows how the capital has been raised?—Yes, how the capital has been raised by the different Acts of Parliament.

6786. I suppose you must go through it?—If you please.

6787. Tell us how it was that the different sums were raised?—By the original charter in 1812 we obtained 200,000 l., and up to the year 1868 we obtained various powers, amounting to 900,000 l. We had no borrowing power under any of those Acts up to 1868. In 1868 we got further power of share capital of 650,000 l.; loan capital in respect of the old capital, 300,000 l.; loan capital in consideration of the share capital then granted, 162,000 l. Since that time, in the year 1872, we obtained power for an additional 1,000,000 l., with a further borrowing power of 250,000 l.; and by the various amalgamations we obtained the following sums: the Great Central share capital, 200,000 l., loan capital, 60,000 l.; City of London Company, 400,000 l., and loan capital, 60,000 l.; the Equitable Company 300,000 l.; there is no loan capital there; the Western Company, 600,000 l. share capital, and 200,000 l. loan capital. Then we bought up the Victoria Docks, and there there was 100,000 l. share capital, and loan 25,000 l.

6788. *Chairman.*] The Victoria Docks you obtained without an Act of Parliament, did you not?—No; we purchased them under the Act of 1870.

6789. The Great Central, the City of London, and the Western you obtained by your Act of 1868, did not you?—The Great Central and the City of London were obtained by the Act of 1868, and the Equitable, the Western, and the Victoria Docks we obtained by the Act of 1871.

6790. *Mr. West.*] Making a total of 5,213,500 l.?—Yes.

6791. *Chairman.*] In what position are you at this moment for amalgamating with other Companies?—We have power to amalgamate with any other Company in London, without going to Parliament, by the Act of 1871.

6792. *Mr. West.*] The Board of Trade to have the superintendence of the terms?—Yes.

6793. *Mr. Bristowe.*] What was the capital you had power to raise under the Act of 1868?—£.600,000 share capital, and loan 462,500 l.; 300,000 l. being given in consideration of the old capital of the Company—900,000 l. altogether.

6794. *Mr. West.*] Of course there has also been a considerable expenditure by the closing of the works at Curtain-road, Brick-lane, Blackfriars, and Westminster?—The whole manufacture, with the exception of Westminster, has been transferred to Beckton. Westminster has been used during the winter months.

6795. You have now accounted for the whole of the capital of the Company; can you give us any reason for the early creation of so much capital—there was competition in the City?—Yes; there was a very keen competition in the City of London, and there it brought about great waste of capital, that was one reason.

6796. Did you purchase also a good deal of land in the City, to lay down mains?—Not in the City; but we had to buy the whole of the land to carry our

Mr. J. W. Field.
23 June 1875.

main to Beckton; no other Company has had to do that; we had to buy two or three miles of land to lay our main in.

6797. I believe you have prepared documents J, X, and Z, R, G, T, and K?—Yes (*handing in the same*).

6798. *Chairman.*] I see you have prepared several tables, but would you be good enough to show me whether any of those tables give the amount of the present capital that is at 10 per cent.?—£1,800,000

6799. On the 31st December 1874 there is 3,300,000 *l.*?—No, that is not raised; the total raised up to 31st December was 2,300,000 *l.*

6800. That is all at 10 per cent.?—Yes.

6801. Then there is 100,000 *l.* at 4 per cent.; what is the history of that?—That was the old capital of the City of London Company, upon which they got 4 per cent.; that was a capitalisation of their old profits.

6802. Then there is 750,000 *l.* preference 5 per cent., all of which will become 10 per cent. in five years from the time of allotment?—That is so.

6803. Then there is 813,500 *l.* debentures at 4 and 5 per cent.?—Yes.

6804. Making a total of 3,963,500 *l.*?—That is the total capital of the Company upon that date.

6805. That is the capital that is actually employed now, and has been raised?—Raised and expended.

6806. Then the amount unissued is 1,000,000 *l.* of the ordinary 10 per cent.?—It was so on the 31st December.

6807. And 250,000 *l.* of debenture at from 4 to 5 per cent.?—Yes.

6808. When you say there is 1,000,000 *l.* unissued, that 1,000,000 *l.* I suppose might be issued upon the same terms as the 750,000 *l.*?—We have issued 500,000 *l.* of it under the same conditions.

6809. Since December last?—Yes.

6810. Now you have only 500,000 *l.* of capital, and 250,000 *l.* of debenture, which you can issue?—That is so.

6811. And then you will have exhausted your power of obtaining capital?—Yes.

6812. You are bound by your Act of Parliament I believe to borrow no more money than that 250,000 *l.*?—That is all we can borrow; the whole of our borrowing power up to the present time is exhausted.

6813. By which Act do you get that borrowing power?—By the Act of 1872.

6814. Mr. *Brassey.*] What is the price of your Beckton stock?—At par.

6815. What is the price of this other stock which you issued at 5 per cent. for five years?—About three premium.

6816. *Chairman.*] What is your ordinary stock at?—Seven premium; seven to eight premium.

6817. Upon what shares?—Upon 10 *l.* shares.

6818. Then one is at 30 per cent. premium, and the other at 70 to 80 per cent. premium?—Yes.

6819. Mr. *Brassey.*] As your powers of issuing debenture stock were not fully exercised, why did not you exercise those powers in the first instance before resorting to the more expensive method of issuing the ordinary stock?—We could not raise our debentures until we raised a certain proportion of the share capital.

6820. *Chairman.*] We understand that you have borrowed as much money upon your debenture as you could, from time to time, upon the issue of your capital?—That is so; we have no borrowing powers unexhausted now.

6821. Mr. *Brassey.*] Has it ever been in contemplation to apply to Parliament for power to borrow without making up a proportionate increase of the ordinary capital?—Lord Redesdale will not allow us the same borrowing powers as the other Companies have obtained; that has been the difficulty with us.

6822. Mr. *West.*] It was in the wish of the directors to do it?—Yes.

6823. *Chairman.*] Now that you have issued the 500,000 *l.* since the 31st December 1874, it is within your power I suppose to put out part of the 250,000 *l.*?—Not

—Not yet; we have not yet called up enough of the shares to enable us to exercise those powers.

Mr. J. W. Field.

23 June 1875.

6824. Mr. *Bristowe*.] Do not you follow the usual directions, that upon the issuing of a fourth of your share capital you are to issue a fourth of your debenture stock?—Although we have issued 500,000 *l.* of the 1,000,000 *l.*, we have only called up 100,000 *l.* of it.

6825. You have to prove that to the magistrates in the ordinary form?—Yes.

6826. *Chairman*.] You have prepared some Tables which you wish to put in; one of them is the different times at which you obtained your capital?—Yes.

6827. Another is a statement of the rates at which the capital has been raised, from December 1861 to December 1874?—Yes.

6828. And the total capital issued down to 31st December 1874, and authorised, and the rate of interest?—That is so.

6829. And another is the particulars of the capital which for the reasons given is unproductive?—Yes.

[*The following Tables were delivered in—:*]

METROPOLIS GAS, 1875.

THE GASLIGHT AND COKE COMPANY.

STATEMENT of SHARE and LOAN CAPITAL.—5th June 1875.

					Ordinary 10 per Cent. Capital.	4 per Cent. Capital.	Preference 5 per Cent. Capital.	Debentures 4 to 5 per Cent.	TOTAL.	Per Cent. of Loan Capital.
					£.	£.	£.	£.	£.	£.
The Gaslight Company's capital on - - - - - 24 June 1868					867,125	-	-	-	867,125	-
The City of London Gas Company upon amalgamation } - - 1 Jan. 1870					296,825	100,000	-	66,000	456,825	13.13
The Great Central Gas Company upon amalgamation } - - 1 Jan. 1871					200,000	-	-	66,000	266,000	24.61
The Equitable Gas Company upon amalgamation - - - 1 Jan. 1871					300,000	-	-	-	300,000	-
The Western Gas Company upon amalgamation - - - 1 July 1872					420,000	-	-	5,000	425,000	1.17
£.					2,083,950	100,000	-	131,000	2,314,950	5.65
The Gaslight Company have since the above periods raised the following capital										
Gas Company - 1868 - -					2,875	-	-	100,000	102,875	97.20
- - - - 1869 - -					-	-	134,036	200,000	334,036	59.87
City Company - } 1870 { 1,620					31,620	-	196,046	62,350	290,016	21.50
Gas Company - } 1870 { 30,000										
City Company - 1871 - -					1,555	-	223,826	50,150	275,531	18.20
Western - - 1872 - -					20,000	-	108,563	68,300	196,863	34.09
Ditto - - 1873 - -					159,978	-	87,355	1,700	249,033	98
Ditto - - 1874 - -					22	-	174	200,000	200,196	99.99
TOTAL raised in above 6½ years - - - - -					216,050	-	750,000	682,500	1,648,550	41.40
Total raised to 31st December 1874 - - - - -					2,300,000	100,000	750,000	813,500	3,963,500	20.33
Amount unissued to 31st December 1874 - - - - -					1,000,000	-	-	250,000	1,250,000	20
TOTAL Capital Authorised - - - £.					3,300,000	100,000	750,000	1,063,500	5,213,500	20.40

METROPOLIS GAS, 1875.

THE GASLIGHT COMPANY.

STATEMENT of CAPITAL raised from December 1861 to December 1874, and the Rates at which it has been raised.

Y E A R.	Ordinary 10 per Cent. Capital.	Preference 5 per Cent. Capital.	Loan Capital, 4½ and 4¼ per Cent.	TOTAL.	Rate of Dividend on Share Capital.	Rate of Interest on Loan Capital.	Average Rate of Interest and Dividend.
	£.	£.	£.	£.	Per Cent.	Per Cent.	Per Cent.
1861 to June 1868	207,125	- -	- -	207,125	10·	- -	10·
To Dec. 1868	2,875	- -	100,000	102,875	10·	4·75	4·9
1869	- -	134,036	200,000	334,036	5·	4·75	4·8
1870	31,620	196,046	62,350	290,016	5·7	4·5	5·4
1871	1,555	223,826	50,150	275,531	5·	4·5	4·9
1872	20,000	108,563	68,800	196,863	5·8	4·5	5·3
1873	159,978	87,355	1,700	249,033	8·2	4·5	8·2
1874	22	174	200,000	200,196	5·6	4·5	4·5
	423,175	750,000	682,500	1,855,675	6·8	4·6	6·

15 June 1875.

METROPOLIS GAS, 1875.

THE GASLIGHT COMPANY.

PARTICULARS of the CAPITAL which for the reasons given are unproductive.

	£.
Curtain-road - - - Loss on closing the Station - - -	56,600
Blackfriars - - - Estimated loss - ditto - - -	125,000
Ditto - - - Amount due from the Corporation - - -	170,000
Brick-lane - - - Loss in removing works - - -	100,000
Works in course of Construction or not yet fully occupied - - -	200,000
Say - - - £.	650,000

Equal to per ton of coals, 1 l. 7 s. 6 d., thus reducing the capital actually employed to 7 l. 0 s. 8 d.

Mr. J. W. Field.

23 June 1875.

METROPOLIS GAS, 1875.

The CHARTERED GAS COMPANY obtained their present CAPITAL as follows:—

	Share Capital.	Loan Capital.
	£.	£.
By Charter, 30th April 1812 - - - - -	200,000	
By Act of 1816 - - - - -	200,000	
Ditto 1819 - - - - -	200,000	
Ditto 1823 - - - - -	300,000	
	900,000	
Ditto 1868 - - - - -	- -	300,000*
Ditto 1868 - - - - -	650,000	
Ditto 1868 - - - - -	- -	162,500
Ditto 1872 - - - - -	1,000,000	
Ditto 1872 - - - - -	- -	250,000
Great Central - - - - -	200,000	
Ditto - - - - -	- -	66,000
City of London - - - - -	400,000	
Ditto - - - - -	- -	60,000
Equitable - - - - -	300,000	
Western - - - - -	600,000	
Ditto - - - - -	- -	200,000
Victoria Docks - - - - -	100,000	
Ditto - - - - -	- -	25,000
£.	4,150,000	1,063,500
TOTAL Amount Authorised - - - £. 5,213,500.		

*The Company claimed this amount in respect of their old capital of 900,000 £., and obtained power to issue it at once.

7 June 1875.

6830. Mr. West.] You are aware that the Chartered Company went to Parliament this year to ask for power to raise money as debenture stock, without raising any new share capital, and they were thrown out upon the petition of the Metropolitan Board of Works upon Standing Orders?—It was so.

6831. Chairman.] Was that the principal object of the Bill?—One of the principal objects.

6832. Mr. West.] Have you given a general average of the interest paid upon the whole capital of the company?—I have handed it in. The total on the

the 31st of December 1874, was 7·79 per cent. of the whole capital of the company.

Mr. J. W. Field.

23 June 1875.

6833. Are you aware that in 1868 the company had expended upon their works more than 370,000 l., which they might have divided in profits?—That was so.

6834. And which they have not been allowed to capitalise?—That is so.

6835. *Chairman.*] I do not quite understand the question, “which they might have divided,” you say, but have not been allowed to divide?—A profit was made of nearly 10 per cent. for many years, and the company only divided 4, 5, or 6 per cent., and the balance of profits they expended upon works.

6836. Who did not allow them to do it?—Parliament in 1868, upon the companies asking to be allowed to capitalise that sum, said No, so that as far as the shareholders are concerned, that sum is lost.

Mr. West. The Act of 1868 was introduced with these words in the preamble which I have read, that is the Gaslight and Coke Company's Act of 1868; the reason for that, such as it was, is given by Mr. Cardwell in the 15th page of his Report, 1867, in this paragraph, “The Chartered Company further proposed to write up as capital henceforward to be entitled to dividend, at 5 per cent., a sum of 360,000 l., in respect of various sums, during the period of competition, derived from revenue and applied to capital expenditure. The Committee object to this proposal,” and that does go to account for the low dividend of 1868 to some extent.

6837. (To the *Witness.*) Has any other Company been put under that obligation that you are aware of?—I do not know of any.

6838. *Chairman.*] There have been no such sums derived from revenue and applied to the purpose of capital expenditure since 1868?—None.

6839. Can you describe to us whether that made any difference, and if so, what difference in the mode of conducting your business?—It reduced the per-centage a little per ton.

6840. When you were in the habit of applying part of your revenue to capital, you must have conducted your business upon a somewhat different principle than you do now, when you do not so apply it?—The shareholders were content in those days to divide a small dividend, because they did not like to go to Parliament for additional powers.

6841. To what purposes of extension was that applied?—The general extension of the company's works, building, machinery, gasholders, and the apparatus generally.

6842. There is a great difference between putting up permanent plant and what you may call machines?—It was an addition to the permanent plant of the company.

6843. Was any part of it wear and tear and depreciation account?—No, it was purely additional.

6844. Mr. *Birley.*] Have you any records in the accounts how it was kept?—It appears in one of the Blue Books.

6845. *Chairman.*] Before 1868 you were in the habit of putting up some part of your plant out of the revenue which you do not do now?—We do not do it now.

6846. What is your present rule with reference to gasholders?—We erect them and charge them to capital.

6847. What do you do about retorts?—When they are new we charge them to capital, and all renewals are charged to revenue.

6848. How long do the retorts last?—Some say a year and some say three years.

6849. Mr. *West.*] Whatever you do with reference to it, is done under the directions of the official auditor of the Board of Trade?—Yes.

6850. *Chairman.*] You mean that the auditor comes and tells you you must or you must not put such an article as a retort to capital charge?—Generally he understands what we do.

Mr. J. W. Field.

23 June 1875.

6851. I think we heard from one of the officers of the Imperial that, as regards retorts, there was a wear and tear account?—They adopt a special form of keeping that account, but after all it is not a very large matter; their plan is different to ours.

6852. If we compare the two systems, the one before 1868 and the other since 1868, if you were now to take stock of your plant it would compare less advantageously, would it not, with the capital than it would have done before 1868?—Yes, it would.

6853. Mr. West.] That is true, that at the present moment, because we are overburdened with our old stations as well as our new ones?—Yes.

6854. But the Chartered Company have already agreed to sell Blackfriars works for 170,000 l.?—Yes.

6855. That will go in reduction of capital?—Yes, it will.

6856. And any other outlying works that may be sold, if there are any, would go in the same direction?—Yes, unless we want the land.

6857. The consumers had the whole advantage of that amount of dividend which was expended by the shareholders upon capital works?—It is entirely for the benefit of the consumers.

6858. Now as to dividend; do you produce a paper containing a statement of dividend paid by the Chartered Company from 1866 to 1874?—Yes.

6859. What are the yearly dividends from 1866 to 1874?—I have the yearly dividend from 1860 to 1874.

6860. Chairman.] This a statement of the yearly dividend paid by the company from 1860 to 1874. In the year 1868 it was 5 5-8ths per cent., why was it so low?—That was the time when we had just issued a large amount of capital, 100,000 l. towards the new works at Beckton, and not a penny of that earned any dividend; and we had to pay interest upon it at the rate of 4½ per cent. Our capital in those days was only 900,000 l., but we were not working so favourably then.

6861. Mr. Brassey.] Were the revision clauses in operation?—No, the revision clauses did not come into operation until 1871.

[The following Tables were delivered in:—]

METROPOLIS GAS, 1875.

THE GASLIGHT COMPANY.

STATEMENT of DIVIDENDS paid by the COMPANY, from 1860 to 1874.

1860 - - - 9 per cent.	1868 - - - 5½ per cent.
1861 - - - 7½ "	1869 - - - 7 "
1862 - - - 10 "	1870 - - - 8½ "
1863 - - - 11 "	1871 - - - 10 "
1864 - - - 11½ "	1872 - - - 9½ "
1865 - - - 11½ "	1873 - - - 10 "
1866 - - - 8½ "	1874 - - - 10 "
1867 - - - 6½ "	

* Had it not been that the Western Company, with which we amalgamated in July 1872, brought over a reserve fund of 33,043 l., the dividend paid in this year would only have been 7½ per cent.

METROPOLIS GAS, 1875.

Mr. J. W. Field.

23 June 1875.

THE GASLIGHT COMPANY.

The PRICES charged for COMMON CANNEL GAS from 1860 to 1875 (*see Minutes of Evidence, 1867, after page 294*).

YEAR.	Candles.				
	12.	14.	16.	20.	28.
	s. d.	s. d.	s. d.	s. d.	s. d.
1860 - - - -	{ 4 6 }	- -	- -	- -	6 -
1861 - - - -	{ 4 - }	- -	- -	- -	6 -
1862 - - - -	4 6	- -	- -	- -	6 -
1863 - - - -	4 6	- -	- -	- -	6 -
1864 - - - -	4 6	- -	- -	- -	6 -
1865 - - - -	4 6	- -	- -	- -	6 -
1866 - - - -	4 -	- -	- -	- -	5 6
1867 - - - -	4 -	- -	- -	- -	5 6
1868 - - - -	4 -	4 -	- -	- -	5 6
1869 - - - -	- -	4 -	- -	- -	5 6
1870 - - - -	- -	- -	3 9	- -	5 5
1871 - - - -	- -	- -	3 9	5 3	5 5
1872 - - - -	- -	- -	3 9	5 -	5 5
1873 - - - -	- -	- -	4 4	5 5	6 3
1874 - - - -	- -	- -	5 -	6 3	-
1875 - - - -	- -	- -	3 9	4 8	-

6862. Mr. West.] Was it true that in 1868 the directors said, "The directors have to report a large reduction of profit for the half-year, which has been due to circumstances over which they have no control, and which has been adverted to in the former reports. The main cause is the increase of illuminating power required by the general Act of last Session, which has necessitated a large admixture of cannel coal in the manufacture of common gas, and while the value of the coke produced has in consequence been seriously lowered, the average cost of coal has been considerably increased"?—That was one of the reasons that only applied to one quarter of the year.

6863. Prior to the amalgamation with the Equitable Gas Company, I believe the Chartered Company had no insurance fund?—No, none.

6864. That company brought over an amount of undivided profit, which is here given in a table?—Yes, they brought 29,776 l.

6865. What did you do with that undivided profit?—That was the commencement of our insurance fund.

6866. You put it to the insurance fund?—Yes.

6867. The insurance fund, as I understand it, had been granted to the Company by the City of London Gas Act of 1868?—That was so.

6868. And the year following 1868, in order to make up an insurance fund, the Company began to apply for a revision?—Not until 1871.

6869. In 1871, 1872, and 1875, they might have applied for a revision of the prices?—Yes.

[The following Table was delivered in :—]

Mr. J. W. Field.

23 June 1875.

METROPOLIS GAS, 1875.

THE GASLIGHT COMPANY.

INSURANCE FUND.

Prior to Amalgamation with the Equitable Gas Company in 1871, this Company had not an Insurance Fund, but that Company brought over an amount of Undivided Profit of—

	£.	s.	d.
1871, June - - - - -	29,776	2	11
„ December interest - - - - -	202	19	1
1872, June „ - - - - -	204	1	4
„ December „ - - - - -	204	18	9
1873, June „ - - - - -	430	5	2
„ December „ - - - - -	486	3	3
1874 „ „ - - - - -	503	5	3
As per half-year's Account, December 1874 - - -	31,807	15	9
1875, April.—Amount carried to this fund out of the excess of profits for the year 1874 - - -	31,500	-	-
Amount carried to this fund out of dividend for the half-year, December 1874 - - -	5,024	17	11
£.	68,332	13	8

6870. There is another Paper showing what the price of gas would have been had the companies in 1867 supplied 16-candle gas as the Chartered Company did?—Yes.

[The following Table was delivered in:—]

METROPOLIS GAS, 1875.

THE GASLIGHT COMPANY.

INSURANCE FUND.—Was granted to the Company by the City of London Gas Act, 1868. The Company might have applied in the following years for a Revised Price to enable them to make up the Fund.

	£.	d.
1871 } By not so applying, the public { 21,285 = 1½ per 1,000.		
1872 } gained - - - - - { 23,539 = 1½ ditto.		
1875 } - - - - - { 31,500 = 1½ ditto.		
	£.	76,324

PRICE OF GAS.—Had all the Companies in 1874 supplied 16-candle gas, as we do, the price charged would have been as follows:—

	s.	d.	
Chartered - - - - -	5	-	
Imperial - - - - -	5	1	
Independent - - - - -	4	4	
Commercial - - - - -	4	10	
Ratcliff - - - - -	4	7	
London - - - - -	5	4	Not subject to the Purity Clauses of 1868.
Phoenix - - - - -	5	4	
Ditto - - - - -	5	-	
South Metropolitan - - - - -	3	5	
Surrey Consumers - - - - -	5	4	Not subject to the Purity Clause of 1868.

The City of London Gas Act, Section 55, states that every candle is to be considered as equal to 2½ d. per 1,000.

6871. Have

6871. Have you a Paper here of the greatest daily delivery of gas on the 22nd December 1874, at the different stations?—Yes.

Mr. J. W. Field.

23 June 1875.

[The following Table was delivered in :—]

METROPOLIS GAS, 1875.

THE GASLIGHT COMPANY.

The Greatest Daily Delivery of Gas in the Year 1874 was on the 22nd December.

STATION.	Cubic Feet.
Westminster - - - - -	2,079,000
Bow Common - - - - -	3,073,000
Beckton - - - - -	14,150,000
Silvertown - - - - -	361,000
Pimlico - - - - -	2,957,000
Kensal Green - - - - -	3,560,000
TOTAL - - -	26,180,000

6872. Have you a statement of the number of consumers?—I have.

[The following Table was delivered in :—]

METROPOLIS GAS, 1875.

THE GASLIGHT COMPANY.

Number of Consumers.	CLASS.	Total Consumption.	Average Consumption.	Total Rental.	Average Rental.
	<i>Cubic Feet.</i>	<i>Cubic Feet.</i>	<i>Cubic Feet.</i>	<i>£.</i>	<i>£. s. d.</i>
3,322	Consuming over 200,000	1,753,360,000	527,802	448,080	134 17 8
58,678	Ditto - under 200,000	2,176,380,000	37,090	555,738	9 9 6
62,000		3,929,740,000	63,883	1,003,818	16 3 9

6873. Have you a Table showing the comparative cost of common coal delivered into the companies' retort houses at the various stations in 1874 ; and also a Table showing the greatest make of gas in one year at the stations now closed?—Yes.

[The following Tables were delivered in :—]

Mr. J. W. Field.

23 June 1875.

METROPOLIS GAS, 1875.

THE GASLIGHT COMPANY.

COMPARATIVE COST of COMMON COAL delivered into the Retort Houses at the Companies several Stations in the Year 1874.

Station.	Cost in the Pool.	Additional Charges.			Total Cost into Retort House.
		Lighterage and Cartage.	Wages.	Total.	
	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
Westminster - -	19 7·8	3 4·0	1 0·2	4 4·2	23 11·5
Blackfriars - -	23 2·8	- 11·0	1 11·5	2 10·5	26 1·3
Bow Common - -	23 1·7	2 1·5	- 6·1	2 7·6	25 9·3
Beckton - - -	22 5·4	- - -	- - -	- - -	22 5·4
Silvertown - -	21 11·1	1 3·0	1 6·0	2 9·0	24 8·1
Pimlico - - -	23 2·1	1 3·0	1 1·4	2 4·4	25 6·5
Kensal Green - -	22 6·0	2 9·0	1 1·4	3 10·4	26 4·4

METROPOLIS GAS, 1875.

THE GASLIGHT COMPANY.

GREATEST MAKE of GAS in One Year at the Stations which are now Closed.

	<i>Cubic Feet.</i>
Curtain Road Station - - - - -	174,646,000
Brick Lane Station - - - - -	462,249,000
Blackfriars Station - - - - -	604,679,000
Westminster Station - - - - -	970,551,000
TOTAL - - -	2,212,125,000

6874. I believe you have with you the details of your manufacture, and could show a comparison of them with that of any or all the companies?—We can do so.

6875. *Chairman.*] There is an account of from 1869 to 1873, in the Table?—Yes.

6876. Will you refer to the Dividend Table, the statement of dividends paid by the company from 1860 to 1874; there is one year, namely, 1864, 11½ per cent.; how did you manage to pay that?—We paid it under the Act of 1860, the amendment of the Act of 1847, which enabled us to pay back dividends.

6877. Had you at that time a reserve fund?—No.

6878. How

6878. How did you pay it without a reserve fund?—We made that extra profit during the year.

6879. And that went against when; because the year before that you made 11 per cent., so you had to account for 1 per cent. then, and the year before that you made 10 per cent.; 7 3-8ths after, and the last under 10 per cent.?—In 1862 we paid 9½ per cent. for the current year, and ½ per cent. back dividend, to Christmas 1856.

6880. You began to pay back dividend for 1856?—Yes.

6881. Then before 1868, how much had you altogether paid of your back dividends?—Prior to 1868?

6882. Yes?—Five and a-half per cent.

6883. Leaving how much unpaid?—The total profits short of 10 per cent. from the commencement of the company to 1860.

6884. I do not mean from the commencement of the company, because you could not go back more than six years; you could not go behind 1856?—In 1856, there was 6½ per cent. dividend paid, and they only made up ½ per cent. then. In the year 1857, they only paid 6 per cent., and they paid a back dividend of 1 per cent. In 1858 they paid 7½ per cent., and on account of that dividend they paid 1½ afterwards. In 1859 they paid 8 per cent., and they paid 1½ per cent. that year.

6885. Making it up to 9½ per cent.?—Yes, in 1860 they paid 9 per cent., and we paid one quarter extra.

6886. In 1861 it was 7 3-8ths; how much did you get back?—None at all.

6887. When you paid the back dividend, how did you find out whom to pay it to?—We paid it to the existing shareholder.

6888. A man bought a share in the market, with a right to all the contingencies?—Yes.

6889. After these three very good years, 1863, 1864, and 1865, you get into a series of rather bad years, up to 1870?—Yes.

6890. The average of those years would not be much above 7 per cent., what was the reason?—At the present moment I cannot tell you.

6891. It is only the original stock, I believe, which has a right to 10 per cent.?—Yes.

6892. If anybody says you are guaranteed 10 per cent., you have only to point to the years 1869 and 1870, which was after the passing of the Act of 1868, to say that is clearly not the case?—Quite so; there is no doubt about that; it is not guaranteed to that extent; if we do not make a dividend we cannot pay it.

6893. Would it be easy for you to put against this table the price of gas for each of those years?—I have a table showing that, I believe.

6894. From 1866 to 1869 inclusive, four years, you were at 4 s.?—Yes, I have pointed out that for part of the years 1868 and 1869, we were supplying 14 candles instead of 12 candles.

6895. You were at 4 s., and you got somewhere about 7 per cent. average?—Yes.

6896. In 1870, you reduced the price to 3 s. 9 d., and you paid 8½ per cent., which was above your previous average, and in 1871, at the same price, you paid 10 per cent.?—Yes.

6897. Having to furnish 16 candles?—Yes.

6898. Do you consider being able to furnish a better gas at a less price to the consumer, and to pay more dividend, was all owing to the price of coal?—There was the amalgamation that year with the Equitable Company, which was a very prosperous little Company, and it helped us very considerably.

6899. In which way did it help you, by bringing in what?—They brought in a rich district, the Strand, and parts about there, a very good consumption, and a very compact little district, and it was making full dividends for years past.

6900. One great difference the Act of 1868 has made to you is that you are unable to pay back dividends?—Yes.

6901. You never had any reserve fund?—No, we never formed one.

6902. You did not get any insurance fund until you amalgamated with the

Mr. J. W. Field. Equitable in 1871?—That was the first time we carried anything to the insurance fund.

23 June 1875.

6903. But you had a contingency fund, had you not?—No.

6904. There might have been some small amount; the amount, I see, is under 1,000 *l.*?—Yes, there was an accident fund.

6905. Mr. West.] I understand there was once a contingency fund which was all absorbed by the great Saville House fire?—That is so.

6906. Chairman.] Will you turn to Table (H); there you say that if all the Companies supplied 16-candle gas, as you do, the prices charged would be certain prices which you have put down; amongst others is the Imperial, 5 *s.* 1 *d.*, and the South Metropolitan, 3 *s.* 5 *d.*; how do you get at that?—By the City of London Gas Act, it was stated that for every additional candle 2½ *d.* was to be charged in price.

6907. But you framed this Table upon the supposition that the real difference between you and the other companies is two candles?—Yes.

6908. Practically the difference is nothing like it, is it?—There is a certain amount of difference.

6909. But it is framed upon that?—Upon the statutory illuminating power of the companies. I do not attach much value to that return myself.

6910. Mr. West.] What is the amount of interest now paid upon the whole capital of the Chartered Company?—7·79 per cent.

6911. Chairman.] Is that upon the whole of your share capital, exclusive of loan?—Share and loan.

6912. But you there include as capital what you borrow, do not you?—It does form part of the company's capital.

6913. Mr. Bristowe.] I see annexed to this report, a table of the Chartered Company by which it appears that you had at Christmas 1865 a contingency fund amounting to about 19,000 *l.*?—I spoke under a misapprehension then. In the year 1868 or 1869 there was a terrible fire at Saville House, and that took up more than our contingency fund.

6914. Those three years, 1863, 1864, and 1865, are the only years out of which you were able to pay back dividend?—Yes; I think I gave 1862 as well.

6915. According to this table you appear to have paid 10 per cent.?—Nine and a-half was for the current year, and ½ per cent. for back dividend.

6916. Chairman.] Do you allot your debentures generally to your shareholders, or do you sell them in the open market?—We offer them to the shareholders.

6917. You say it was 7·79 including the whole of your capital in share and debentures?—Yes.

6918. What is it upon shares only?—On share capital alone 8·61 per cent.

6919. My honourable friend has called my attention to the position of the Equitable, which you state was a prosperous addition to your Company, and clearly it was, because from 1861 to 1865, it pays dividend varying from 15½ per cent. to 13½ per cent.?—Yes.

6920. How could they do it?—Under the Act of 1847, the power to pay back dividend was unlimited.

6921. They were under the Act of 1860?—Yes.

6922. But still they managed to do it?—Yes.

6923. Were any of the other companies that you obtained as prosperous?—The Great Central was, up to a certain point, a very prosperous company; but during the last year or two of its separate existence it incurred a terrible loss of 78,000 *l.* by the default of one of their officers.

Cross-examined by Mr. Philbrick.

6924. First of all, take Paper (H) in your hand; at the bottom of that there is the price of gas. I see you put forward on the part of the Chartered Company, as information to this Committee, a statement that had all the companies in 1874 supplied 16-candle gas the price charged would have been as follows; now have you taken the actual prices charged in the Chartered case under the revision of 5 *s.*?—Yes.

6925. As

6925. As to the Imperial Company, have you added 5 *d.* to the 4 *s.* 8 *d.*?—*Mr. J. W. Field.*
Yes.

6926. That makes 5 *s.* 1 *d.*?—Yes.

23 June 1875.

6927. The Independent; have you added 10 *d.* to the price charged?—I have not the price they charge, but that is what I have added throughout, 2½ *d.* for every candle; I have added 2½ *d.* a candle.

6928. You have taken in the Chartered 5 *s.* at the revision price, they being under the statutory obligations to give 16 candles?—Yes.

6929. The Imperial are under statutory obligations to give 14 candles, and you have added 5 *d.* to them, and to all the others under the City of London Gas Act, who are bound to give 12 candles, you have added 10 *d.*?—Yes.

6930. Now look at Section 55 of the City Gas Act, and let me read it; you say here the City Gas Act, Section 55, states "That every candle is to be considered as equal to 2½ *d.* per every 1,000;" where do you find that; it is as utterly fallacious as anything can be. This is Section 55: "Provided that the Board of Trade may before the 1st day of January 1870, on the recommendation of the gas referees and with the consent of the companies and of the Corporation, substitute 14 candles, or 15 candles, or 16 candles as the maximum illuminating power of the gas to be supplied by each company in the year 1870 with a proportionate reduction of price at the rate of 2½ *d.* per candle, notice whereof shall be given in the "London Gazette." Where do you find in that a statement that the price of a candle is to be considered equal to 2½ *d.*?—I think that section reads so.

6931. Is that the authority and the only authority you have?—It is; in practice it turns out much more.

6932. We know what the evidence is as to that; now I think that I have done with that table.

6933. *Chairman.*] I had no idea that you had added four 2½ *d.*'s to the 12-candle gas company's price, but we have had it stated in evidence that with regard to the 12-candle companies which were under the Act of 1860, it was the generally acknowledged thing that in consequence of the difference of burner they were only supplying 14 candles; do you dispute that?—No.

6934. Then why have you added four 2½ *d.*'s for them?—This table is simply drawn up to show that, supposing the companies were supplying gas according to their statutory power, that that would be the difference in price between them and us.

6935. I thought it was admitted that the different modes in which the candles were measured did really imply that what were called 12-candle companies were working at 14 candles?—I have heard so since I have been here.

6936. *Mr. Philbrick.*] But supposing that the old burner of 1860 was 12 candles, and that by the burner of 1866 that same quality of 12-candle gas rose to 14 candles, and by the present burner to 16, where would you get a justification for adding any one of your 2½ *d.*'s?—If all the companies supply the same gas, of course there would be an end of the matter.

6937. So long as we understand that it is an hypothetical table, and the hypothesis is put on, we shall not be in much trouble?—I do not attach much value to it myself.

6938. You have been asked some questions with reference to the capital account of the Company; let me call your attention to this small matter; the whole of your capital at the end of five years would be a 10 per cent. capital?—Five per cent. from the day of issue.

6939. Ten per cent. when the option is exercised?—Yes.

6940. And of course except in the case of the amalgamation of the capitals of the amalgamated Companies which were less than 10 per cent., and which remain what they were in the old Companies, there is nothing in the Chartered less than 10 per cent?—No.

6941. That is to say, that in the Chartered Company, pure and simple, if I may so call it, it is 10 per cent.?—Yes.

6942. Your Acts were 1868 and 1872?—Yes.

6943. The general provision in the Chartered Act has been the same as in other Companies' Acts, namely, power to borrow one-fourth, or 25 per cent. of the amount of capital authorised by the Act?—Yes.

6944. And capital can only be borrowed upon these terms, can it; that half

Mr. J. W. Field.

23 June 1875.

the share capital must be subscribed for, and half of that subscription paid up?—I thought all must be subscribed.

6945. And you will find if you look in the Act of 1868, that the capital had not been subscribed for, and that therefore the borrowing powers could not be exercised?—I said 1872, not 1868.

6946. In 1872 your powers were to raise 1,000,000 *l.* capital, and a quarter of a million by loan?—Yes.

6947. Do you notice that in the Act of Parliament of 1872, every time 10,000 *l.* of capital is subscribed for, and half is paid, you have power to raise 2,500 *l.* by loan?—Yes.

6948. So that in reality upon each 25,000 *l.* of capital, the borrowing powers rise. As soon as 25,000 *l.* is raised, if 5,000 *l.* is paid up, you may exercise your borrowing powers?—Yes.

6949. There is no reluctance on the part of the shareholders to take any portion of the million pounds offered to them?—No.

6950. Not a farthing of it finds its way into the hands of the public?—No.

6951. They were all teeming alive to their own interest. In consequence of that, there would be no difficulty whatever in raising as much of the loan as you required from time to time?—Not the least.

6952. You have not done so?—We have.

6953. Have you raised any of the quarter of a million?—We cannot raise it.

6954. Why not; by the Act of 1862 you have raised half a million?—No, we issued half-a-million.

6955. How much is paid under it?—£. 100,000.

6956. Then you have issued the whole half million, but you have issued it under such terms that the borrowing powers do not arise?—We cannot put them in force yet.

6957. Those were the terms upon which you issued it?—Yes.

6958. You could not have done it otherwise if you wanted to exercise the borrowing powers?—Yes, we could, but we should be issuing capital every week of our lives if we did it in that way; if we issued capital in sums of 10,000 *l.*, we should have to issue it every month.

6959. Ten thousand pounds is the minimum, but in any number of sums of 10,000 *l.* you could have done it if you wanted to exercise your borrowing powers; supposing you had done it by 50,000 *l.*, or 100,000 *l.*, what then?—That is, practically, what we have done; we have called up 100,000 *l.*

6960. But you preceded it by issuing half a million, and until you have called up 250,000 *l.* you cannot borrow a fraction?—No.

6961. If you had issued 200,000 *l.*, and had called up 100,000 *l.*, you would have had powers to borrow?—Yes, but we should have been raising money so frequently, and inasmuch as it was raised at 5 per cent. there would be no advantage in doing it.

6962. There is competition for this stock among your shareholders, is there not?—Yes.

6963. There would be no difficulty in issuing it; is trouble in the office the point?—It is *unadvisable* to raise money constantly in that way.

6964. Why did not you raise it in smaller sums than half a million at first, so that when you made a call of 100,000 *l.*, you could exercise your borrowing powers?—Another reason is that inasmuch as we issued the whole of that capital at a preferential dividend of 5 per cent., the public are in no way damaged by the fact of our borrowing powers not being put in force yet.

6965. But that is to begin presently?—In five years time, but before that time the money will be raised.

6966. You have put in a Table of capital which you say is unproductive at the present moment; all that capital is 10 per cent. capital, is it not?—No, all our capital only bears a rate of $7\frac{1}{2}$ per cent.

6967. That is taking in the loan?—That is taking in everything.

6968. Loan and all?—Yes, and our loan is expended on those very works.

6969. Seriously, before I go any further, do you mean to represent that the $7\frac{1}{2}$ per cent. put upon this table is the right thing to put upon it?—I do.

6970. Now let me, as you pledge yourself to that, see how it works out; this is all money expended upon works in Table T, this 650,000 *l.*?—Yes.

6971. It is all money expended upon works, which either are or were to be permanent works for the undertaking?—Yes.

Mr. J. W. Field.
23 June 1876.

6972. How do you reconcile putting in that a less rate percentage than the permanent capital of the company bears?—Because the whole of our money, whether share or loan capital, is invested in fixed plant.

6973. Take the 170,000 *l.* due by the Corporation, did you hear the chairman, Mr. Beck, justify the sale of the Corporation at 170,000 *l.* on the ground, amongst others, that it was bearing 10 per cent. interest, and that there was a dead loss of 17,000 *l.* a year to the shareholders if they left the land vacant?—I did.

6974. Do you believe that be correct?—I believe that to be a mistake.

6975. Whatever percentage you put upon the 650,000 *l.*, I see one item is 200,000 *l.* for works not fully complete, on works in course of construction at Beckton?—Yes.

6976. That would include new gas manufacturing works, new retorts, and so forth?—Yes.

6977. If you look at Curtain-road and Blackfriars, you will see “estimated loss on closing station”, does that include old retorts and old plant which has become useless from its having ceased to be employed in gas manufacture?—The place does not exist as a manufactory at all.

6978. Does that sum of money include the cost of what had been charged to capital for the old plant?—Yes.

6979. Then if you are going to substitute for that Beckton, and new capital would be employed in erecting new works, ought the old capital so destroyed to exist?—Parliament intended that it should be so.

6980. That exists now for the purpose of charging the consumers 10 per cent., which does not exist in fact, for the purpose earning a farthing on the ground?—Yes.

6981. That is what the Parliament has done?—Yes.

6982. And that is the system on which this account is raised here?—Yes.

6983. And that is equal to 1 *l.* 7 *s.* 6 *d.* per ton of coal. What would it come to upon the price of gas per 1,000; your total unproductive capital at the present moment is 600,000 *l.*?—Yes.

6984. That would be 65,000 *l.* a year at 10 per cent., or at 7 per cent., 55,000 *l.*; that would be over 4 *d.* per 1,000 spread over the price of gas?—No.

6985. How much would it be?—Threepence or fourpence you may call it.

6986. A penny is 17,000 *l.*?—Yes.

6987. It would be something over 3 *d.*, not quite 4 *d.*; it would be a permanent charge?—Yes.

6988. In dealing with the matter, we have in the reversion a sum carried by you to the credit of a defalcation account, in one of the City Companies, which was amalgamated with yours, the Great Central?—Yes.

6989. That was to make good some defalcation that had arisen through a defaulter to the Great Central Company?—Yes.

6990. That was a loss sustained by the company to the extent of 70,000 *l.*?—Yes, that is about the figure.

6991. The scheme was to liquidate that by carrying the sum of 5,000 *l.* a year to the credit of that account until this defalcation was wiped out?—Yes.

6992. The 23rd paragraph of the scheme was this: “On the 30th day of June and the 31st day of December 1870, and on the like days of every subsequent year, until the said deficit is fully discharged, the united company shall, out of the profits which would otherwise have been available for the payment of a dividend on the ordinary shares of the united company in the first place, and before payment of any such dividend, carry over to the credit of the said defalcations account the sum of not less than 2,500 *l.*, until the entire sum standing to the credit of the same account, including the said balance or sum of 41,219 *l.* 19 *s.* 5 *d.* shall equal the said defalcation of 71,149 *l.* 6 *s.* 10 *d.*, and the whole of such defalcation shall have been thereby fully discharged. Provided, that for the purposes of a revision of the scale of illuminating power and price under ‘The City of London Gas Act, 1868,’ such half-yearly payments shall be deemed to be payments in respect of dividend.” The intention was, then, that it should come out of dividend?—I do not think those are the words. I would rather keep to the words of the scheme: “shall be deemed to be payments in respect of dividend.”

6993. When you come to revise before the Commissioners, was one item
0.107. which

Mr. J. W. Field.

23 June 1875.

which had been paid, 5,000 *l.*, to make up the defalcations according to this scheme?—It was.

6994. Was that the sum which was calculated and put forward by you as one of the expenses in excess of dividend?—It was not.

6995. In the accounts of 1873, did you pay 10 per cent.?—Yes.

6996. In the charges of 1873, did you include 5,000 *l.* brought to the debit of the consumer for Higgs?—Yes.

6997. Was that before any balance was appropriated, or attempted to be appropriated, either in the reduction of the price of gas or towards the contingency fund?—Yes.

6998. So that the effect of that was this, that if you had not charged that 5,000 *l.*, which is directed to be deemed a payment in respect of dividend, it would otherwise have gone in 1873, where?—It would have gone to insurance fund.

6999. Then that insurance fund that you were asking for was fully made up in 1874?—Yes, made up to the extent of 1 per cent. for the year.

7000. That is fully as far as the Act allows you?—Yes.

7001. So that you started with 5,000 *l.* to the bad, which, if it had been appropriated to a payment in respect of dividend, would have gone in ease of the insurance fund?—Yes; but since that time we have had the opinion of the law officers of the Crown, who say that the mode in which we have dealt with that sum of 5,000 *l.* was perfectly correct.

7002. Now come to what passed before the Revision Commissioners. First of all, I see you take credit here more particularly for the improved sale of the gas by your company on the ton of coal carbonised, and you say it is about 8,800 feet per ton?—In the year 1874 it was 8,839 feet.

7003. That had been an improvement on the preceding year?—Yes.

7004. Do you know that one of the matters that was pressed strongly upon you before the Revision Commissioners was getting a certain yield from the coal carbonised?—I have already stated so.

7005. As a matter of fact, on the tables you are not up to the amalgamated companies in the City of London before you absorbed them?—The aggregate of the companies in 1869, before any amalgamation took place, the sale per ton was 8,438 feet; in the year 1874 the sale was 8,839 feet, an increase over the old companies of 401 feet.

7006. Now let me put it my own way, and see how that result bears; your gas rate in 1869 of the Chartered Company was 8,251, and the City of London, which was one of the absorbed companies, was 8,925?—Yes.

7007. Which is better, of course, than your present make of 1874?—Yes; why pass over the Great Central?

7008. That is 8,054?—Yes.

7009. And then you swallowed up the good and the bad and brought the the thing out to a level?—Yes.

7010. Now as to the Equitable, that working is 8,966?—Yes.

7011. The Equitable in 1870 was again 8,989, and the Western Company, which was the rich bride that came to you so well endowed, was 8,847 in 1871, still in excess of all the Chartered, can do with its present appliances?—Yes.

7012. Now let us look at the estimate before the Revision Commissioners; as you told my learned friend in 1874, you had the experience of 1873 to assist you?—Yes.

7013. And you found no difficulty in preparing the requisite papers?—No practical difficulty whatever.

7014. When you came before the Commissioners, you put before them an estimate of the trading in 1874?—Yes.

7015. Was the result of the trading in 1874 this, that it turned out better than your estimates by the sum of 75,425 *l.*?—Yes.

7016. So that to do all that you intended before the Commissioners to that extent, if your estimate were right, the consumers paid during that year 75,400 *l.* in your district more than would have been needed?—No, the net result was nothing like it.

7017. But if the thing had turned out according to your estimate, that would have been the result?—Yes.

7018. As a matter of fact, the result was not 73,000 *l.*, and odd too much, but 48,180 *l.* too much?—That is so.

7019. That

7019. That was after filling your insurance fund, and charging your maximum dividend?—Yes.

Mr. J. W. Field.

23 June 1875.

7020. And that would represent nearly 3 *d.*; so that after doing everything that the Act of Parliament provided, it was close approximately in effect 50,000 *l.* more charged upon the consumers of your district than had any right to be charged?—We were fortunate enough by better care, and by the very good re-arrangement of coal contracts for that year to show a better working compared with our estimate of 48,180 *l.*

7021. One great matter that we differed about was the probable increase in the consumption of gas?—Yes.

7022. Which of course would be a matter which would go very much to the net profit of the concern, a matter of large profit?—No, a small matter.

7023. You estimated something over 2 per cent., and it turned out nearly 6?—Yes, 6½.

7024. That 4½ per cent. was sheer profit, was not it?—Of course the difference between the making of gas and the selling were used as our profit.

7025. You have already estimated your charge for coal, wages, and so forth, so that they were standing charges?—No, an increase necessitated an increase in coal and wages.

7026. You had estimated, had you not, that your coals would be 700,000 *l.*, whereas, in reality, they were under 610,000 *l.*, and you were over 90,000 *l.* in excess of your estimate in that one item?—That is your way of putting it, but that is so.

7027. You say it is my way of putting it; let me invite you to make any correction that you think is fair?—Inasmuch as the basis upon which we made that estimate was altogether altered during the year, it is not fair to say that my estimate was wrong to that extent. The contracts which existed when we were before the Revision Commissioners, and which varied from 25 *s.* to 29 *s.* a ton, were shortly after the revision ended, owing to the reduction in the price of coal, cancelled, and we entered into new contracts at varying rates of 18 *s.* 9 *d.* to 19 *s.* 6 *d.*

7028. Mr. *Birley*.] How did you manage to cancel the contracts?—The coal owners were willing to cancel the contracts, on the condition of our extending the period and the quantity. Upon that we saved 48,714 *l.*

7029. Mr. *Philbrick*.] The excess that you got of 4½ per cent. of the gas sold was not caused by any relative increase in the quantity of coal carbonised over the estimate?—Calculated at a rate which we assumed the gas would cost to make, it entailed a certain increased cost.

7030. I quite agree in that view, but over the estimate certainly not?—We saved 36,000 *l.*; that was in manufacture alone.

7031. Now let me ask you to follow this; your net price of coals is one of the most important items in the Chartered Company's accounts?—Yes.

7032. Of your residuals, coke is of the most value; the price of coals went up, but you got more for your coke, did not you, in proportion than you used to get; your coke bears a greater ratio per ton than it used to, compared with coal; begin in 1869; in 1869 your coal is 27·87, and the coke 6·61?—Yes.

7033. That is less than a quarter; it is less than 25 per cent. of the coal?—Yes.

7034. That is before Beckton was opened?—Yes.

7035. Now go to 1870; the comparative figures are 26·46 and 7·55?—Yes.

7036. That is more than a quarter?—That is more than a quarter.

7037. In 1871, it was 24·17, and 6·67, again a trifle more than a quarter?—A little more than a quarter.

7038. In 1872 coal was 28·82, and coke 7·39, again a little more than a quarter?—Yes, owing to the increased price of coke.

7039. In 1873, the great year of the disturbance, coal had got up to 35·57, and coke 12·81, a little more than 32 per cent.?—Yes, but the coals from 1873 were not at the high prices.

7040. But you got the benefit of the contracts running?—Yes.

7041. Which, of course, were some of them at the lower price?—Yes.

7042. Then you got the benefit of the price of coke in the open market at once at the higher price?—To a great extent we did.

Mr. J. W. Field.

22 June 1875.

7043. That brought you to over 33 per cent.?—Yes.

7044. That is as far as the books go?—Yes.

7045. My learned friend, Mr. West, asked you about the Bill which your company brought in this year, which you described as a money Bill?—No, I did not.

7046. I understood you to say to the Right Honourable Chairman, that one of the main objects of the Bill was to extend the borrowing powers of the company?—Yes.

7047. If I take the Bill in my hands I see that one, in fact the main object of the Bill, was to get that which Mr. Cardwell denied you in 1868, namely, a reserve fund?—I do not know that I ever saw the Bill, but I believe it was so.

7048. "And second, a reserve fund to answer any deficiency which may at any time happen in the amount of divisible profit in the second half of any one year, not being a year of revision, under the Acts relating to the company, and if such fund be at any time reduced it may thereafter be again made up to the said sum, and so from time as often as such reduction shall happen?"—That is one object.

7049. Were you aware that there was that provision in the Bill?—I had forgotten it for the moment.

7050. Did you know that it was the intention of your directors to try and get a reserve fund?—I had quite forgotten it, if I heard of it.

7051. Whether it is to create a fund or not, it is to have power to divide the fund among the shareholders for arrears. There was another thing, namely, power to take ships, and become shipowners?—We had that power in the Act of 1870.

7052. It is very limited?—We had the power under the old Act; it was simply to extend the Act; that it is a very small matter.

7053. Then there is power between you and the local authorities to agree upon such terms as they may come to, to purchase the works and provisions for winding up, and for the dissolution of the company; if that event should take place, and it is necessary to do so; I see there was power to borrow on mortgage of your undertaking at 6 per cent., without any restraint as to amount?—Yes, and that was the main feature in the Bill, and a very important one too.

7054. You have given some figures from one of your tables, from which I see that the extra cost at Westminster of getting the coal up to the works is 3s. 4d., and the wages 1s., so that there is 4s. 4d. saving at Beckton, as compared with Westminster, assuming that you discontinue the manufacture here?—I will turn to the table and see; it is 4s. 4d. at Westminster.

7055. And Westminster is by far your largest manufacturing station, except Beckton?—The smallest I should say.

7056. You have shut up Blackfriars?—Westminster is virtually closed, we only use it in extreme depth of winter, for that very reason that coals are so dear there.

7057. As regards all the savings mentioned by Mr. Evans, those are matters which he generally would know; and you particularly know, from your position as accountant, that the manufacture at Beckton is carried on much more advantageously?—Yes, much more advantageously.

7058. Can you tell us what the purification cost at Beckton in 1874, materials and wages together?—0·9 d. per 1,000 feet.

7059. And what per ton?—8·3 d.

Re-examined by Mr. West.

7060. The Gas Light and Coke Company's Bill of 1875 not being before the Committee, I do not think it necessary to re-examine upon it; you have not dealt with it?—No, I only know that there was that clause in the Bill for borrowing money at a low rate of interest.

7061. As to the coal contracts, the revision of your coal contracts took place after the Report of the Commissioners altogether, did not it?—I think about the month of May or June, and the Report of the Commissioners came out in the month of March.

7062. Then you could not have calculated it at that time with any security, considering the great fall in the price of coal?—No; a considerable fall took place after the Commissioners had met between March last year and May and June there was a considerable reduction in the price of coal.

7063. As

7063. As to this Great Central scheme, whatever the Chartered Company may have done as to that 5,000 *l.*, I understood you to say that met with the approbation of the law officers of the Crown?—Yes; after the Commissioners issued their memorandum the Corporation of London objected to the mode in which we had dealt with that sum, and the Board of Trade referred the whole matter to the opinion of the law officers of the Crown.

7064. The Commissioners had already expressed their opinion as to the legality of your paying the 5,000 *l.* in the way you did?—Yes, they said they could not interfere with it.

7065. "The sum of 5,000 *l.* for the defalcation account was, therefore, a legitimate expense of the Company in 1873, having in fact a priority of dividend"?—Yes.

7066. The City objected to it, and notwithstanding the Commissioners reported in favour of it, you took the opinion of the law officers of the Crown?—Yes.

Mr. *Bristowe.*] The Commissioners disallowed it in 1873?

Mr. *West.*] Yes.

Witness.] The opinion was this: "We think that the price of gas having been fixed for that year" (1874) "the Company were bound to apply the gross earning yielded by their trade; (A.) in payment of the liabilities properly incurred for the purpose of carrying on their trade during that year; (B.) in payment of 5,000 *l.* to the defalcation fund; (C.) in payment of a dividend of 10 per cent. on the paid up share capital; (D.) in payment of 1 per cent. to the insurance fund."

7067. You said you thought that Mr. Beck was wrong in his statement of the 170,000 *l.* that would be paid by the City for the purchase of the Blackfriars site; is he quite wrong; when 170,000 *l.* is paid off, that will be paid off capital?—Yes.

7068. Is not the capital at this moment paying 10 per cent.?—No, 7½ per cent.

7069. So that you think he is in error?—That is where the difference has arisen; I take the loan and share capital, and the result is 7·79.

7070. That is the correct amount?—Yes.

7071. As to the exercise of your borrowing powers, if I understood my learned friend aright, he complained that you have not yet exercised your borrowing powers, but have raised the sum by share capital at 5 per cent. to be converted into 10 per cent. in five years?—Yes.

7072. Before the 5 per cent. comes to be converted into 10 per cent., you will have spent all the money and exhausted all the borrowing powers too, will not you?—Yes.

7073. Therefore it is just as cheap to raise it by shares while the works are going on, as it would be to raise it by loan, and subsequently by share capital?—Yes; ultimately the consumers do not suffer, I believe, to any extent at all by this arrangement.

7074. I believe your loan is being gradually converted into stock, from month to month?—We have some debentures at 4½, some at 5, and as they fall due we pay them and replace the borrowing powers by debenture stock, paying 4½ per cent. interest; whenever they fall due they are replaced in that manner.

7075. My learned friend asked you something about the re-allotment of shares which have not been taken up by the shareholders at 3*l.* 5*s.* premium per share?—Yes.

7076. The consumers get the whole benefit of it?—The whole of it in the reduction of capital. The whole of the premium on the shares they do not take up.

7077. Under our Acts we have power to raise money at 6 per cent., but when we can raise it at a lower price we do so?—We always raise our debenture at the lowest possible rate.

7078. Mr. *Bristowe.*] You have not raised any lower than 6 per cent.?—No.

7079. Mr. *Birley.*] At what rate are you raising the debenture stock?—Four-and-a-half per cent.

7080. Is it at a premium in the market now?—I do not know that it has even been quoted.

Mr. *Simon Adams Beck*, sworn; Examined by Mr. *West*.

Mr. *S. A. Beck*. 7081. You are the Governor of the Chartered Gas Company, are you not?—
23 June 1875. I am.

Mr. *Cripps*.] I have no question to ask.

Mr. *West* stated that he had closed his case on behalf of the Gaslight and Coke Company against the Bill.

Thursday, 24th June 1875.

MEMBERS PRESENT:

Mr. Birley.
Mr. Brassey.

Mr. John G. Talbot.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

24 June 1875. Mr. *Cripps* was heard to sum up the case on behalf of the Promoters of the Bill.

Friday, 25th June 1875.

MEMBERS PRESENT:

Mr. Birley.
Mr. Thomas Brassey.

Mr. Bristowe.
Mr. John G. Talbot.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

Mr. *Cripps* was further heard to address the Committee on behalf of the Promoters of the Bill. 25 June 1875.

Mr. *Francis S. Reilly*, sworn ; and Examined.

7082. *Chairman.*] You have been a Barrister for many years, I believe?— Mr. *F. S. Reilly*.
Yes.

7083. When were you appointed one of the Commissioners under the Act of 1868 for the revision of price and the illuminating power?—I was appointed once in 1873 and twice in 1874.

7084. And this appointment refers to not only the Chartered Company, which is under the Act of 1868, but to the South Metropolitan and to the Imperial Companies, who are under the Act of 1869?—Not to the South Metropolitan; only to the Imperial, which has a special Act of its own in 1869.

7085. Are there not revision clauses for the South Metropolitan?—Yes; but they have never been called into operation.

7086. Then your appointment is not one for all revision that may take place, so long as you are appointed; but there is a special appointment for each revision?—For each particular occasion, and there is no understanding that it should ever be renewed.

7087. Have you had anything else to do with the metropolis gas legislation?—Yes; I have seen a good deal of it in various shapes, from the year 1866 downwards. My principal occupation for some years has been in Parliamentary work, Bill drawing chiefly. I drew the Bill of 1866 for the Corporation of the City, which may be said to have originated this question in its later stages. I drew the Bill of 1867 for the Board of Trade, and I drew for the consumers the Bill of 1868. I have since then done a certain amount of work for individual companies, drawing their Bills and settling some of their schemes.

7088. Then, in fact, you have drawn Bills for all parties concerned, the consumers, the companies, and the Government?—Yes; all round. I do not consider myself exactly to be in the position of the cabman who has been referred to; but I have been in the habit of drawing Bills for all comers. If I may be allowed, I should like to make an observation upon that, because in connection with the first revision, what I may call an attack of a somewhat public character was made on me with reference to that state of facts.

7089. By whom or in what way?—A question was asked in the House of Commons upon the subject by a metropolitan Member, suggesting that I was not impartial in the matter; I wish just to say that any observation of that sort is founded upon the mistake of supposing that a draftsman of a Bill is a partisan, or that he believes always in the Bill; and secondly, of forgetting that there is a duty of impartiality, which may be discharged like other duties, by persons upon whom it is imposed.

7090. It is my good fortune to have had to get your assistance in drafting, but I never for a moment believed that you agreed with me in my view. We are glad to know that fact, because it will make you better able to give an

Mr. F. S. Reilly.

25 June 1875.

opinion with reference to the construction of any Bill you have yourself drawn?—With reference to that I should say the draftsman of a Bill sometimes stops at a very early stage in its progress, and has nothing to do with the amendments or the state of the Act as it is passed.

7091. The 3rd Section of the City of London Gas Act was intended to put the Board of Trade in the place of the Home Secretary throughout, was it not?—It would appear to be so on the words, but I think the expression, “the preamble of the said Act,” must really have been inserted by mistake. I observe these words were not in the Bill as originally drawn, that that portion of the section beginning with the words, “and the Act of 1860 so amended,” was put in by amendment; the words, “the preamble of the said Act,” appear to me to be used in mistake for “the preamble of this Act.” The amendment was probably drawn in the form of a notice, and it referred to “the said Act,” without the Member who drew it thinking that it had to be embodied in the Act itself. And what confirms me in that view is this, that you find that that provision is enacted over again in Section 81 of the Imperial Act, and also in the South Metropolitan, so that that portion of Section 3 has been treated as really only applying to the companies that come within the City Act of 1868, and that it was treated afterwards so by Parliament. I do not know whether the Committee are informed as to the exact history of the Bill of 1868 with reference to the proceedings before Mr. Cardwell’s Committee of 1867. Mr. Cardwell’s Committee went in detail through the Bill of 1867, and they were only stopped after many sittings, and long discussions of clauses, by the refusal of the companies to take part in the matter any further. I have here a copy of the Bill of 1867, as amended in Committee of the whole House, and as proposed to be amended by the Select Committee.

7092. What are the chief differences between the Act of 1868 and the Bill of 1867, as it was first brought into Parliament?—As it was first brought in, the Bill of 1867 comprised a clause for a sliding scale; it was very much objected to and was struck out in Committee *pro forma*. This is the Bill of 1867 as originally brought in. Clauses 28 and 34; 34 is a sliding scale clause.

7093. This is a Bill that was brought into Parliament by the Government; I see this on the back of it; Sir Stafford Northcote, the then President of the Board of Trade, Mr. Secretary Walpole, and Lord John Manners?—Yes.

7094. And it was carrying out the resolutions of Sir John Trollope’s Committee?—It followed Sir John Trollope’s Committee.

7095. The sliding scale section is this: “Each company may pay a dividend for each half year in proportion to the illuminating power of gas supplied by them in the quarter comprised in that half year, and to the price charged by them for the same, as follows: For each half year in any part of which the price charged is the maximum price chargeable according to the prescribed scale of illuminating power and price, a dividend may be paid at a rate not exceeding seven per centum per annum. For each half year throughout which the price, as charged, is less by one penny per one thousand cubic feet than the maximum price chargeable according to that scale, and so in respect of each further reduction of price by one penny per thousand cubic feet below the maximum price chargeable according to that scale, a dividend may be paid at a rate (in addition to the dividend at the rate of seven per centum per annum) not exceeding one half per centum per annum;” the meaning of this sliding scale was that the initial dividend was 7 per cent., and that upon the lowering of the price it might be increased $1\frac{1}{2}$ per centum per annum, and there was no limit to the increase?—There was no limit to the increase.

7096. But there was no sliding scale upwards; that is to say, there was no diminution of the dividend of 7 per cent., if the larger price was charged?—To the best of my recollection that was so.

7097. Was this clause simply struck out in Committee?—No; the clause was modified in this way: Clause 35 was substituted for it, leaving the amounts in blank.

7098. “For each half year in any part of which the price as charged is the maximum price chargeable according to this Act, a dividend may be paid at a rate not exceeding ten per centum per annum: For each half year throughout which the price charged is less by _____ per one thousand cubic feet than the maximum price chargeable, and so in respect of each further reduction of price by _____ one thousand cubic feet below the maximum price chargeable,

chargeable, a dividend may be paid at a rate (in addition to the dividend at the rate of ten per centum per annum) not exceeding per centum per annum. Provided always, that where the illuminating power is less than that of candles, there shall be no increase of dividend for any reduction of price below the maximum price chargeable." This again was only a sliding scale one way. The Bill was so far altered that the initial dividend was put at 10 per cent. instead of 7 per cent., and it might be increased at a lowering price, but there was no diminution of dividend at the raising of the price?—No.

Mr. F. S. Reilly.
25 June 1875.

7099. What became of this Bill?—That Bill went to Mr. Cardwell's Committee in that form.

7100. What did Mr. Cardwell's Committee do with it?—Mr. Cardwell's Committee heard not only a great deal of evidence, but they directed the promoters, who were the Board of Trade, to prepare clauses to give effect to the resolutions which they came to from time to time.

7101. And, in fact, they discarded this Bill; they passed resolutions of their own, and there was a Bill which resulted from those resolutions?—They took that Bill referred to them as the basis of their proceedings, and they passed resolutions and desired clauses to be brought forward for supplementing it and altering it in various respects.

7102. I suppose the chief alteration was that this sliding scale in one way disappeared, and the revision clauses came in instead?—Yes.

7103. Now, that brings us to the revision clauses?—That Bill of 1868, which ultimately passed as the City of London Gas Act, 1868, was substantially the Bill referred to Mr. Cardwell's Committee in 1867, with the additions and alterations which had been arrived at in the course of the discussion, but which had never passed that Committee.

7104. There is this difference between the Act of 1868 and the report of Mr. Cardwell's Committee, that the Act of 1868 is confined to the companies that were in the City and the report of Mr. Cardwell's Committee suggested a general Act, forcing the same arrangement upon all the companies?—Yes; and accordingly the Bill as brought in in 1868, was the Metropolis Gas Bill, and extended to the whole of the companies in the metropolis under the Act of 1860.

7105. Was that Bill similar in its proposals to the City of London Gas Act?—That is the Bill which passed as the City of London Gas Act.

7106. There is no material difference between the City of London Gas Act and the general Bill drawn up in consequence of the suggestions of Mr. Cardwell's Committee?—I should not be quite prepared to answer in such large terms, but substantially it was the same.

7107. Mr. Talbot.] The Act of 1867 was a public Act?—The Act of 1860 was a public Act.

7108. And the Act of 1868 was a private Act?—The Act of 1868 was private, but the Bill upon which it was founded was a public Bill.

7109. Was the City of London Act a private Act?—Yes.

7110. Chairman.] The Gaslight Company's Act passed the same year was a private Act; but was the City of London Act a private Act?—Yes, it is so. I inquired from the clerk of the House of Lords how it was brought about.

7111. Mr. Talbot.] Will you explain that?—The history of it was this. The Bill of 1868 was a hybrid Bill, brought in in the ordinary way as a public Bill.

7112. Chairman.] That is the City of London Gas Act?—Yes; it was then the Metropolis Gas. It was brought in and treated in both houses as a hybrid Bill.

7113. Affecting the whole of the metropolis?—The Companies under the Act of 1860.

7114. You said it was a Metropolis Gas Bill; was it brought in affecting the whole of the metropolis?—Yes, it affected the whole of those companies. It was treated as a hybrid Bill in both Houses of Parliament. It so happened that in the list of Acts that received the Royal assent on a certain day it stood last among the hybrid Acts, and the Queen's printers took upon themselves, I am informed, with sufficient authority, to classify it not among the public Acts of the Session, but among the local and personal Acts, commonly but incorrectly called Private Acts.

Mr. F. S. Reilly.

25 June 1875.

7115. Did you draw the Imperial Act of 1869?—No.

7116. Then you know nothing about that from personal experience, either that Act or the South Metropolitan of the same year?—No; the only knowledge I have of the Imperial Act is from having had to study it carefully on the revision of 1874.

7117. Now we come to the revisions; how many revisions have you been connected with?—There have been three. First, the Chartered in 1873; secondly, the Imperial and the Chartered in 1874.

7118. We have heard a great deal about the question brought up before you upon which you took the opinion of the law officers of the Crown as to whether you could inquire into the mode in which the capital had been raised?—Yes.

7119. Was it your opinion when that question was first brought before you, that it was within your power or not?—I came very early to the clear opinion that it was wholly out of our power to deal with the mode in which the company had raised its capital in years anterior to the year of revision.

7120. Did the point occur to you at the time you were drawing the Act?—I cannot remember that.

7121. Could you give us any information more in detail with regard to the raising of capital?—Yes, it seemed to me that clearly we could not touch any capital that had been raised within the statutory power. It has never been proposed, as I understand, that the Revision Commissioners should annul capital, even to the smallest amount. The only thing suggested was that we should disallow a certain portion of the capital in this sense, that we should not provide for dividend on it. Now, it seemed to me clear, at a very early stage, that Parliament never intended to delegate authority of that kind to us; that would be taking away interests that were vested under statute. The only thing that could be said, I conceive, was this: That when a shareholder took his interest in the company by subscribing a portion of the capital which was authorised by the Act which established the revision system, or by a subsequent Act, that he had notice of that system; and it might be said in some sense that he could not complain if the operation of the revision was to deprive him of some benefit which the company had conferred upon him under their statutory authority. But it seemed to me to be hopeless to contend that Parliament should have conferred two absolutely inconsistent powers upon two authorities by the same Act of Parliament.

7122. With reference to the expenditure of capital, that would not be so clear a question in your mind?—There are some differences there no doubt, and different considerations apply to a certain extent. The discretion vested in the company is not so clearly of a statutory character, with reference to its expenditure, as it is with reference to its creation of capital. There is no statutory right acquired with reference to expenditure; there is no third party, such as an outside capitalist, who is affected by the proceedings of the company, and who therefore acquires rights. Every Act such as the Imperial Act must be taken to go upon the assumption by Parliament that the affairs of the company will be administered with due economy and that there will be no improper expenditure of capital. In that sense it may be reasonable and right that the mode of expenditure should be afterwards subject to review; but the position with reference to the creation and issue of capital is a much stronger one. If you will allow me to refer to the mode in which it worked I can explain it more shortly. Take the case of the Imperial Company, which is the one with reference to which the question was particularly raised, although we had it before us in the case of the Chartered the year before. The Imperial Act authorises the company to raise and create, subject to such conditions as they may think fit, share capital, either ordinary or preference, not exceeding in the whole 975,000 *l.* That is in the largest and widest terms. Then there is a provision that it shall not be lawful for the company in any year to make out of their profits any larger dividend than 7 *l.* in the case of ordinary and 6 *l.* in the case of preference capital. That is the Act which contains the revision conditions. Now, what seemed to me was this: Looking at the Act as a whole, it is impossible to suppose that Parliament should have given that discretion to the company as to the mode of issuing its capital limited only in that way, and at the same time set up, by subsequent provisions of the same Act, an authority which would interfere directly with that statutory discretion.

7123. In

7123. In your inquiry, did you consider that you were not bound to inquire into the expenditure as well as into the raising of capital?—We inquired into both subjects, more or less.

7124. You formed an opinion upon the subject; then you obtained an opinion upon which you acted, from the law officers of the Crown, and you came to the conclusion that you had no power to allow your award to be modified by any question as regards the raising of capital?—Yes.

7125. And that you apply also to the expenditure of capital?—The expenditure stands in a somewhat different position.

7126. I want to know how you acted upon that; what was the opinion upon which you gave your award; were you or were you not influenced in your award by the facts that you had obtained as to the expenditure of capital?—We did not disallow in the case of the Imperial, or indeed in either case, the dividend on any capital on the ground of injudicious or excessive expenditure of capital.

7127. I am only putting a hypothetical case, and therefore it contains no charge or insinuation whatever; but supposing it had been brought out clearly before you that there had been, in the case of the Chartered, a gross extravagance in their Beckton works, but that it had been actually expended before the year of the revision, would you or not have thought it was a matter that you ought to consider?—If that expenditure was completely exhausted and entirely disposed of, and had no operation during the year of revision, we should have considered that we could not deal with it.

7128. I will call your attention to Clause 68 in the City of London Gas Act, which appears to me to guide your action more than any other clause; and I take it that the spirit of that clause is that you were to fix such a price as would be calculated to yield a dividend in fact of 10 per cent. on a prescribed dividend to the company if they had been conducting their business with due care and management; is that the meaning of it?—That is not exactly the interpretation I put upon it.

7129. Then perhaps I am wrong as to the interpretation?—"If they had been conducting" is an expression which is not, I think, in accordance with the true construction of the Act. The collocation of the words and the whole object and scope of the enactment seem to me to show that due care and management are prospective; that the object of Parliament was to secure, as far as might be, due care and management in the year of revision, in the coming year. In fact, it seems to me that there is very little affirmative force in the words at all. What is meant is that the Commissioners are to provide a price which shall be calculated to yield a dividend on the assumption of due care and management.

7130. Of course this is a business matter, and you must bring it to a business illustration. Again, I put the purest hypothetical case; supposing you had found out or had reason to believe that there had been very careless contracts for coal; I understand your answer now to be that however careless those contracts had been up to the day at which you were asked to calculate the dividend for the future, you could not take them into consideration; but all you could say to them would be, you must make your estimate upon care in the future?—No, that is not exactly so; if the contracts had exhausted themselves then they would have been entirely out of our consideration; but if, on the other hand, there were contracts running on and continuing to operate in the year of revision, we should have taken them into account, and not only should we have done so, but we did so.

7131. I can quite understand that that would be my interpretation of the spirit of the clause, but it seems to me hardly consonant with your interpretation of this wording, because it would be purely a past thing, and a thing which, without rendering themselves liable to a legal penalty, they could not escape from for the future?—It is part of the care and management of the concern which operates during the year of revision, and continues to affect the prosperity of the business.

7132. But no care and management for the future will prevent the effect, to some extent, of a careless mistake in the business?—No; but the care and management ought to be so continued that the contracts should not bind them to an undue price during the year of revision.

7133. Put it in this way: They have made a contract which by the light of future circumstances turned out to have been a very unwise and careless one, and so unwise and careless (again I am putting it purely hypothetically) that if it

Mr. F. S. Kelly.

25 June 1875.

had been a private concern, the sleeping partner would have had great right to complain against the managing partner if he had made it; but the contract is made, and consequently they are bound to fulfil it. Would you or not, in interpreting the Act, consider that it was your business to calculate the price upon that contract?—We should not give them the full price, that would be necessary to meet the requirements of that contract, if we considered that it had not been made with due care and management.

7134. Then I think my expression of “had been conducted with due care and management” is a true one, because, if it had not been conducted with due care and management, you fine them very considerably in the coming year?—I say the expression “had been conducted” must be taken with considerable limitation. I would mention that in the Chartered case of 1874, in the memorandum which the Commissioners issued, they dealt with the very point, and in paragraph 48, page 265, they stated that “having regard to the facts that the price of coal during 1873 was considerably above the average of the preceding period of seven years, and was continually falling throughout the year, and to other considerations, we think that with due care and management the company would have left a larger proportion of the required coal uncontracted for, and would thereby, in the events that have happened, have saved for the consumers a considerable sum.”

7135. You say that you deducted a sum?—Yes.

7136. In that case you deducted a sum from their estimate because, in your opinion, their business had not been conducted with due care and management?—The effect of the absence of due care and management was a continuing one in the year of revision.

7137. Your answer shows that it was a matter which was not very easy for you to solve what was past and what was future?—It was exceedingly difficult.

7138. Am I right in my supposition of the manner in which the capital is raised; we will take, for instance, the Imperial Company (again I am putting purely an hypothetical question); we will say that they go to Parliament and get power to raise a million of money; they are not bound to call up that 1,000,000 *l.* at once?—No.

7139. I believe their general plan is to allot a certain number of shares, say 100,000 *l.*, and not to call up the whole of the shares at once, but to call them up at certain periods?—Yes.

7140. Am I not right in supposing that the price which will be necessary for them to obtain the prescribed dividend must depend upon the amount of dividend they have to pay?—Yes.

7141. And, consequently, it must be more or less according to whether that dividend is large or small?—Yes.

7142. But is it not the case that it rests with the discretion of the directors year by year, and even during the year in which the revision is to operate, whether they do or not call up the capital?—It rests primarily with the directors, but ultimately with the company.

7143. It rests with the discretion of the company whether or no they use the power given them by the Act to call up the capital, or not?—Yes.

7144. Then a most important matter as regards the real care and management with which the business is conducted, is affected by the mode in which they raise their capital?—That may be.

7145. But yet you felt yourselves unable to inquire into that by the terms of the Act?—Yes. I do not know whether you would allow me to explain a little more fully that question of the raising of capital, and particularly with reference to the law officers opinion; as our position in the matter has been a good deal attacked.

7146. I think no one attacked you upon that matter; it was your undoubted duty to act as you did, having taken the opinion of the law officers of the Crown, they acting on behalf of the Government; Mr. Cripps will agree with me that it was impossible for you to have acted otherwise?—I do not refer to any personal attack; I put that aside. But my learned friend Mr. Cripps used the expression that the whole of the time occupied in the inquiry was, as to the mode of raising the capital, wasted.

7147. Mr. Cripps.] I meant that it was wasted because a great deal of the time

time was taken up in investigation, before the opinion of the law officers was taken, and evidence was gone into, subject to the decision of the law officers; when they decided as they did, it became unimportant?—I quite understand the position, but I want to explain how it was necessary for us to go into the whole subject, and hear evidence upon it, though I for one had a clear opinion from the beginning that we could not deal with it. The fact is that in such inquiries as that before us, and such inquiries as that before this Committee, there is no separation of the issues of law and fact, and it is wholly impossible for the tribunal to deal with the subject otherwise than as a whole at the end. If you have proceedings in a court of law you may raise a question of law by demurrer and have it disposed of, and then you put it aside.

Mr. F. S. Retley.

25 June 1875.

7148. *Chairman.*] Everyone would feel that you acted as everybody would have acted; that with some doubt as to whether you could rightly take it into consideration, you thought the facts important, and inquired into them; it turns out afterwards that you could not, and therefore in one interpretation your time may be said to have been wasted?—Further than that, it has been said by the principal witness for the Metropolitan Board that we were puzzled. That is not so; I, for one, had a very clear opinion upon the construction of the Act, and have heard nothing to shake my opinion since. No doubt it is advantageous, and useful, and agreeable to have a confirmation of one's opinion by the law officers, but we wanted that opinion, not for our own satisfaction, but for publication, in the hope that we should satisfy the consumers that we were right; because the law officers' opinion, besides its intrinsic value, has a certain conventional authority, and is assumed as decisive. Unfortunately we have not succeeded in that.

7149. It is clear the law officer agrees in your opinion as to the Act, and that you could not act otherwise in interpreting it. Now, I think I understand your opinion of the two funds, the insurance fund of the Chartered and the reserve fund of the Imperial. You must be well acquainted with the position of both the funds. Is there anything that you would like to say with reference to the insurance fund of the Chartered?—Yes, there is great complaint made with reference to the result of the revision, that there was no separation and allocation to the insurance fund of the Chartered. There again we were entirely controlled by Section 68 of the Act, which says, that we are to give a price which shall be calculated to yield profit sufficient for dividend and the insurance fund.

7150. I do not know that I need ask any questions about that, because there is no difference of opinion as to your having acted according to the Act; what we have to deal with is not so much your carrying out the Act, which we never doubted you did, as with the policy of the Act. Now, I want to understand what you supposed exactly you had to do first with reference to this insurance fund. You were called in because the companies were in an abnormal and exceptional condition, on account of the great rise in the price of coal?—Yes.

7151. Looking at it purely in a business point of view, as a business man, I should have said that the year in which there was this extra rise, which was by no means in the minds of any one supposed to be a permanent rise, would not be a year in which I should feel myself so obliged to put money to the insurance fund, as I should in other years?—Just so.

7152. But you found yourself obliged to calculate a price that would give a sum to the insurance fund?—We think so, and thought so then.

7153. I suppose you are right; did it come out before you, whether in the previous year the Chartered Company had themselves, without revision, put some sum to the insurance fund?—No, it came out before us, on the contrary, that they had never carried any sum to the insurance fund.

7154. Then the result of the revision was that they allotted profits which would have otherwise gone to the consumer, to the insurance fund, whereas in the previous year they had not done so?—Yes.

7155. The Imperial have a reserve fund?—Yes.

7156. Also an insurance fund?—Yes, but it has a different name; it is called a contingency fund.

7157. The reserve fund appears to be a very large sum?—Yes, it was fixed arbitrarily at a given amount, something like 80,000 *l.*, because that had been the maximum that they had ever attained in their history.

Mr. F. S. Reilly.
25 June 1875.

7158. What was that reserve fund at the year before they came to you?—It had been reduced by some 28,000 *l.* or so.

7159. Was anything paid into it the previous year?—No, it had been drawn on the previous year.

7160. What did you feel it your duty to allot to be paid to it in calculating the price?—A sum which would make it up to its maximum amount of 80,000 *l.* odd.

7161. In that case the effect of the revision clauses was that the company were allowed to charge a price which very much more largely increased the reserve fund, than, judging by their own course, they would themselves naturally have done without reserve?—They would have carried large amounts to their reserve fund if they had had the means of doing so.

7162. But the previous year they did not apply for revision, and did not do it?—No.

7163. I do not want to make out a case one way or the other, but I want to know whether I am right or not in the supposition that the effect of the revision clauses was to enable the company to make up their insurance fund and their reserve fund, at a time when prices were exceptionally high, in a way which, in all probability, they otherwise would not have done?—Yes; in one sense that is the reason why the revision is put in for the protection of the companies.

7164. You think the object was quite as much that they should be able to have a price, notwithstanding the rise in coal, which would make up the reserve fund and contingency fund, so as to secure a dividend?—I can only judge of the policy of Parliament from its words, and those are the words used, that the price shall be sufficient to yield a dividend and a reserve fund.

7165. Mr. Birley.] I see these words in the 68th clause: "They shall fix such an illuminating power and such a price as shall be calculated to yield to the company, with due care and management, a dividend in that year (after allowing for the excess or surplus, if any, carried in the then last preceding year to the credit of the divisible profit and to the insurance fund of the company)." What is the meaning of taking into account what had been taken to the insurance fund. Supposing the insurance fund had been entirely exhausted, would they have to allow anything to make it up to the full extent?—I think the parenthesis is fully explained by reference to Section 27 of the same Act.

7166. Chairman.] As regards the insurance fund; the object of the insurance fund is not to make up back dividend, is it, but to guard against possible contingencies?—Accidents.

7167. Therefore the remark I make does not apply so much to the Chartered Company, and perhaps does not apply at all; but with regard to the Imperial Company, with respect to whom it was your business to make up a reserve fund, the object of the reserve fund is to enable back dividend to be paid up?—Not exactly that; the object of the reserve fund is the equalisation of dividends.

7168. But it is to enable a good year to make up for a bad year?—Yes.

7169. Did not it strike you in the course of the revision that it was rather extraordinary that what in common business would have been called a bad year, was a year in which there was to be a special effort made to raise a fund which was to make up for past bad years?—I see on looking at the Blue Book that my expression was that we were on a revision of the price, and not a revision of the Acts; if we had been drawing the Acts it would have been quite a different matter; it is a question for Parliament, to revise, if it thinks fit, the policy of that scheme.

7170. But in this extraordinary exceptional year, which might be called a bad year for the business of gas making, you found it necessary to give very much more than an average sum to that fund which was to make up the losses of a bad year by a good year?—Yes; we were obliged, in fact, to give them something more than the dividend.

7171. Were you not obliged to calculate a larger sum to be paid to the insurance fund than the average of the whole of the preceding year?—I do not think we went into the question of the average; there was no average at all in the case of the Chartered.

7172. I am speaking of the Imperial; do you happen to have had brought before you what the average sum paid by the Imperial Company, since 1868, to the reserve fund had been?—My impression is that there had been no movement

in the reserve fund of the Imperial from 1869, when that Act was passed, until the revision; that is to say, there had been nothing carried to it, and nothing taken from it.

7173. Then the result of the revision clauses being brought into operation in this very bad year, was a calculation on your part that there ought to be a great strengthening the position of the company by a reserve fund?—Yes. Allow me to correct the last answer that I gave. I said there had been no movement. I meant no movement till the immediately preceding year; but I speak from memory upon this. I do not pretend to carry all the figures accurately in my head.

7174. Now, take the actual working of the revision clauses; were you the chairman in any way of the three Commissioners?—By the courtesy of my colleagues I acted as chairman.

7175. You were not appointed by the Board of Trade?—No, I was named first; if that makes any difference.

7176. The other two gentlemen appointed were not barristers?—No.

7177. Will you just describe who they were?—My colleagues were Dr. Odling, a Fellow of the Royal Society, Professor of Chemistry at Oxford, and Mr. Pattison, an Actuary in the City of London.

7178. And you were appointed on this principle, that you, as a lawyer, would interpret the Acts; Dr. Odling, as a chemist, would be able to check the manufacture of gas; Mr. Pattison, as an accountant, would be able to scrutinise the books?—As far as one can divine, that may have been the reason for the appointments.

7179. It was your business, putting aside capital, to go down to these works of these companies, and to find out whether it was probable that they would be likely to conduct their business with due care and management for the coming year; there is no doubt you were requested to do that?—We visited the Imperial Company's works; we did not think it necessary to visit the Chartered Company's works.

7180. When the application first came to you on Clause 57, what did you think, in general terms, to be your business to go and find out, in order to fix the price upon Section 68?—I do not consider that it was the duty of the Commissioners to initiate all the proceedings. It was our business to a great extent to deal with the case as it was presented to us by the contending parties, who were perfectly competent to act for themselves; the Metropolitan Board and the City on the one side, and the company on the other.

7181. This was a case in which there were buyers on the one side and sellers on the other side?—Yes.

7182. It was your business to fix the price so that the sellers should get a certain dividend if they showed due care and management in conducting their business, but did not you feel it was your duty yourself to examine into the matter, and ascertain whether they were doing it with due care and management, or did you feel that it was only your business to see that the sellers answered the buyers' case?—We adopted the former of those two views, clearly, that is to say, we investigated the matter to the utmost extent of our own powers, and more than once it appears in the Blue Book, that it was stated by us that the case was not to be regarded as a *nisi prius* case, to be conducted with technicality, and the parties were reminded that we had independent powers of investigation; in fact we called witnesses ourselves, and made requisitions on the company for information to a large extent.

7183. I want to ask rather a searching question, and it is this; did you feel it your business merely to be convinced that the buyer had not made out any case of want of care and management, or did you think it your business to find out whether the seller was using as much care and management as a well established private firm would do, that depended upon its management for its existence?—We certainly thought it our duty to look as narrowly as our capabilities and powers enabled us into the care and management of the concern, particularly the probable prospective care and management for the coming year.

7184. But did you, or not, feel that the practical investigation must really depend upon, on the one hand, the local authorities making the charge of want of care and management, and on the other hand, the companies showing that that charge was not established?—It necessarily was the case that there was a collision between the two parties, and we to a considerable extent relied upon the effect of that collision,

Mr. F. S. Reilly.
25 June 1875.

but we inquired for ourselves in every possible way. I think that it is very important to have regard to the construction which those words, to a considerable extent, must bear; that is to say, that there is not very much affirmative force in them. What they seem to mean is that a proper price shall be put which will give the company all it is entitled to under the Act, provided there is due care and management in the conduct of the concern during the coming year.

7185. That all really depends upon your interpretation of the word "due"?—It is sometimes regarded as a word of very great precision; it appears to me to be one of the vaguest epithets in the English language. The question is, what is the standard of due-ness to be applied to the companies? It is plain that it cannot be a uniform one; you must have regard to the history of each company, and its present state and its prospects.

7186. I suppose you would not have thought that it would have been a fair thing to the company to have said, You have not exercised due care and management; if it was merely shown to you that they had had thoroughly good officers who were doing their work day by day with conscientiousness, but that they had not had that sort of heart and spirit and determination to make the thing answer which you find in a very successful private firm?—I do not think it would have been fair to the company to deal with the question on any narrow and insufficient representation of that sort.

7187. Mr. Brassey.] There are a good many things that you really could not get to the bottom of, are there not; a good many details in a large concern like that; for instance, supposing the company is employing 1,000 men, it is impossible for anyone watching them from the outside, taking a cursory view of it, to say whether or not the same work could be done with 960 men on any lesser number?—Yes, there must be a very great difficulty in exercising such an authority by any extraneous tribunal.

7188. Chairman.] Had any one of your number any personal experience of the conduct of a gas business?—I should say not so far as I know, but I have no doubt Dr. Odling is thoroughly informed as regards all questions concerning the manufacture of gas.

7189. It has never been his business to set to work to earn a dividend by making gas?—I believe not, but I cannot answer for him.

7190. Did you try to compare the mode in which these two companies, either the Chartered or the Imperial Company, conducted their business, as compared with other companies, or other gasworks?—Yes, certainly, we went largely into that. We had the advantage of hearing Mr. Livesey.

7191. You could not have had probably a greater check?—In two cases we called him ourselves, or required one of the parties to call him; but the comparison of one company with another given company must always be full of danger as to the result, though it is quite reasonable that one company should be compared with all the others, or with the average of the others.

7192. Were you allowed to call witnesses yourselves, or to obtain help?—Certainly, and we did so. The Act is very strong in giving us express power.

7193. What help did you obtain besides from the witnesses brought before you on each side. What help did you obtain yourselves?—We obtained the assistance of Mr. Livesey; and Mr. Jones, of the Ratcliff Company, we directed to be called, and Mr. Parkes, the Government auditor.

7194. You felt it due to both sides that you should examine these gentlemen in the presence of counsel on both sides?—Yes.

7195. That would preclude you from taking a man who was thoroughly engaged in the manufacture of gas, and saying, now go with us over these matters and say whether you think you could get more or not if you had to do it yourself?—We might have done so, and to a certain extent we did. We went down to the Bromley Works of the Imperial Company; we had Mr. Kirkham, the engineer of the company, and it was arranged that Mr. Anderson, the gas engineer, acting for the Metropolitan Board of Works, and advising them throughout, should meet us, and in that way we got all the information we could.

7196. Neither of you having personal experience in the manufacture, you did not take down any man who had that personal experience, to check the statement of these two men who had personal experience on both sides?—It would have been perhaps overloading the thing. These were two engineers

representing opposite views, and we could not do more than take the opinions of the two. It should be remembered that in all these matters it is impossible to have a special tribunal of experts.

Mr. F. S. Reilly.

25 June 1875.

7197. Do not suppose that I think you have done wrong; if I had been in your place I should have done the same thing; and not being an expert myself, if I had taken down an expert and asked his opinion, and not subjected him to the cross-questioning on both sides, it would be a question whether it was fair; but, on the other hand, not being an expert, I should feel that I was rather helpless between the contending experts?—This question is not altogether, or mainly, a question of the burning of coal; it is a theoretical question to a great extent; or, at any rate, it is a question to be decided on calculations and upon evidence which is to be produced.

7198. Do you think that either your revision, or any revision that could be made under the Act, would replace the stimulus of self-interest in the company to make the thing as cheap as it could?—I think Parliament is in a position of very great difficulty in dealing with such a matter.

7199. Just answer that question, please: What do you think would replace it, because that difficulty of replacing is another question?—The question proceeds upon the assumption that self-interest is excluded from this system.

7200. That is very important; how do you think that the self-interest is included?—Because the whole matter, when the revision is over, and once the Commissioners have fixed a price, is left to the companies, and it is their interest to conduct their business in the most profitable way, although the price is a high one.

7201. Surely it is not all left to the company, for whatever might be the price you fix, they would not be able, if they got more than the 10 per cent., to make use of it?—Yes; in this case it is shown they were able to use it.

7202. In what way?—They have carried money to the insurance fund and to the reserve fund.

7203. So simply strengthening their position; it is not enabling them to get any greater dividend?—No, they cannot go beyond the 10 per cent.

7204. Then how comes the self-interest to be included?—No doubt one must say, that if the price is high the stimulus of self-interest is not so strong as it would otherwise be; but it still remains that there is a great deal of risk and uncertainty; the cost of articles, and the employment of men, may vary very much during the year, and, in fact, we have found it so.

7205. You mean that their self-interest would strongly induce them not to let their actual expenditure exceed their estimate?—Yes; that is one way of putting it.

7206. But would not also that strongly influence them to keep up their estimate at the highest probable expenditure?—The estimate laid before the Commissioners?

7207. Yes?—It may be so; and I see that it has been suggested in not a very nice form by one of the witnesses, that the companies expected to be cut down a good deal more than they were. I think the gentleman who said that must have forgotten that the evidence was given on oath.

7208. I do not think you could say that that shows any want of good faith upon the evidence, or else it would apply to every case of a compromise, or an alteration of a Bill before Committee?—Will you allow me to remind you that the revision only operates for one year, and at the end of the year the price reverts to the initial price fixed by the Act.

7209. There does appear to me to be one way in which the self-interest would operate under the revision clauses, and that is that whatever the companies got by them, they have a great deal of trouble in getting it. Though the result of that year's revision was that the Imperial was strengthened in a bad year, yet still it would be not inclined to have all the trouble, and expense, and inquiry of the revision?—I should think that they must be considerably influenced by that; in fact they have said so on many occasions in various forms.

7210. Can you give us any practical answer as to that; do you think there was any amount of loss that they would have suffered, rather than have come before you for revision?—I can only judge in that respect from their own statements; and I see it is stated by them in their reports, which I have read, that they abstained from coming for revision for that reason.

7211. Have you any suggestions to make to the Committee. You have had

Mr. F. S. Reilly.
25 June 1875.

so much experience, and you have heard what has been stated before this inquiry on both sides?—It seems to me that no suggestion can be made at all to meet the point of dealing with the raising of the capital. I think on the other hand that it is possible, when a proper opportunity presents itself, whether this is one or not, I do not pretend to say, that the arrangements as to the insurance fund and the reserve fund might be altered in the interest of the consumers. I think (and I believe I give the opinion of my colleagues in that respect), that it can hardly be supposed that Parliament contemplated the operation of the insurance fund in the case of the Chartered Company.

7212. Or the reserve fund in the case of the Imperial?—It stands upon a different footing.

7213. Then, take first the case of the Chartered Company?—It may well be called an insurance fund, because in one sense it insures 10 per cent. dividend from the Commissioners, unless their calculations are wrong to the extent of 1 per cent. on the capital.

7214. What you mean is this, that inasmuch as you had to calculate a certain sum for the insurance fund, and also a certain sum for the dividend, and inasmuch as the company were able to give a dividend and preference, all that sum which you give to the insurance fund was so much insurance against their estimate being too low for the coming year?—Yes, in the result we were obliged to calculate 11 per cent.; they were not bound to appropriate that 11 per cent. into two sums of 1 per cent. and 10 per cent., and they used the 1 per cent. legally, under the Act, in making up the 10 per cent.

7215. They were not really earning 10 per cent., but if they had not an insurance fund to deal with they would have taken the consequences of your mistaken estimate and suffered?—Yes.

7216. And the estimate at which you arrived is based upon, or modified by the opposition of the local authorities?—Yes, upon the evidence we received. I think Parliament can scarcely have contemplated that result; and although the contention of the consumers was, I think, unsound on the Act as it stands, I think that is a fair question whether the Act should not be reconsidered in that respect, and the 1 per cent. be ear-marked and appropriated.

7217. Have you any other suggestion to make to the Committee?—Looking at the Act of 1868, it seems to me that there is a very large number of officials, and if such an Act is to be worked, I should have thought, regarding the matter mainly as one of public interest, that the official power might have been more concentrated.

7218. Just go over the officials?—You have first of all the referees, who are to fix the standard of the gas and the burners; you have then the chief gas examiner appointed by the Board of Trade; and you have an auditor also appointed by the Board of Trade; they are all officials representing the consumer. Then in case of revision you have the Commissioners, such as ourselves, who are appointed representing no doubt both parties; but I should have thought that if Parliament has an opportunity of reviewing the policy of this Act, it might be very wise to combine those officials into some one body, uniting their functions and giving them proper powers. It seems to me that there is a great deal of friction in the working of this system, and an enormous expense to the consumer, who ultimately must pay the whole, with a certain amount of ill-feeling produced.

7219. Will you explain in what way?—The expense of the payment of the officials.

7220. I suppose the payment of the referees is not much; they are paid 200 l. a year each?—I do not know what it is.

7221. It must be perfectly infinitesimal in the price of gas?—But there is a very serious expense connected with the revisions and connected with such proceedings as these. What I want to suggest is, that if instead of having such a proceeding as revision coming periodically, and as it were by fits and starts, you could have some system of continuous revision, it might operate better.

7222. You mean a continuous change of price?—No, I should suppose it would work so that there would be no large changes of price. If you had a body of this sort, which would be continually intervening between the consumers and the companies, and adjusting matters from day to day, there probably would

not

not be the amount of friction which there is in the working of the present system. Mr. F. S. Reilly.

25 June 1875.

7223. It would be a body which would be really conducting the gas business?—No, I do not think that at all. We had the evidence of the auditor that that is the way he proceeds. He goes to the offices and communicates with the officers, and an amicable communication of that sort is most useful; and that principle is, more or less, to be found in the Act of 1868 itself, because there is a provision that, notwithstanding anything in the Act, the Corporation of the City and the Metropolitan Board and the companies may agree on any alteration of the price and illuminating power; it seems in that way to be recognised. Of course the scheme would be required to be very carefully considered.

7224. What clause is that?—Section 70 of the Act of 1868.

7225. Now, with regard to capital; have you any suggestions to make to the Committee as to that?—I think the power which is given to the company of raising money by loan, and then converting it into share capital, is a very questionable one. It has been restricted of late by a Standing Order of the House of Lords, which says that no dividend higher than 5 per cent. shall be allowed on the share capital into which the loan capital is converted when the profit is limited; and I see a clause to that effect in the present Bill; but I think it questionable, in the interest of the consumer, whether any such conversion should be allowed; there may be reasons for it, no doubt, in the interest of the company.

7226. There is a restriction at present upon the raising of loan capital; it cannot be more than a quarter?—That is so; with regard to such companies as these, it seems to be hardly justifiable upon any principle. It may be very well when a new company is being constituted, and it has no works and no good security to give, no share capital having been invested in its concerns, to restrict it from borrowing; but when you have such great security as these companies are able to give, it seems to me that it would be more reasonable to permit them to borrow to any extent to which the market will allow them.

7227. I have no further question to ask you, unless you wish to say anything?—With regard to borrowing, it may be possible that even the Metropolitan Board of Works, which has power of lending to other bodies, might assist the companies.

7228. Mr. Bristowe.] We have had a good deal stated before us as to the revision clauses, or what I will call the revision clauses, under the Act of 1860. Under the Act of 1860, the companies had power to raise their price from 4 s. 6 d. upwards up to a certain point, subject to an appeal to the Secretary of State on the application of one or more of the ratepayers?—Yes.

7229. Do you think that that system is a better system than the revision clauses under the Act of 1868. Do you think it would work smoother or better?—I think there is a good deal to be said in favour of that system of arbitration. It is always a question when you are constituting a tribunal to decide between contending parties such as these, whether you shall try to have it perfectly impartial, or whether you shall have the parties represented in it; there is a great deal to be said for the principle of arbitration.

7230. The difference between the two is this, that in the Act of 1860 the sellers are entitled to raise the price, subject to the dissent of the consumers?—Yes.

7231. In the Act of 1868 the seller is not entitled to raise the price unless subject to the authority of the Revision Commissioners?—Just so.

7232. Do you think that the system adopted in the Act of 1860 has a tendency to work smoother into the companies, or do you think that you are entitled to assume that the companies, looking at their past history, were indisposed to raise the price, unless circumstances called upon them to do so, having regard to their shareholders?—Yes; I do think, as I said before, that there is a great deal to be said in favour of the system of 1860, as against the system of 1868, under which we have been acting, and I think, if I may say so, it is quite in accordance with the suggestions which I just now made, because, if you have anything like a continuous revision, that is a system by which the consumers would be continually checking the operations of the gas companies, with whom they are in very close connection; it would be almost necessary that the parties should be represented, that is to say, that the body which conducted that con-

Mr. F. S. Reilly. tinuous revision should not be a tribunal constituted on the principle of impartiality.

25 June 1875.

7233. Do you think from your knowledge of these companies that this is not rather an extraordinary exception under these Gas Acts; that the whole of the loan capital should not be raised when the whole of the share capital is raised; is it not rather an exception to the ordinary system of commercial undertakings if you bear in mind that the share capital is earning a dividend of 10 per cent., and the loans can be raised at 5 per cent?—It would require a very large knowledge of the practice of companies to give any satisfactory answer to such a question as that.

7234. You do not think you can answer it?—No; I do not suppose that anybody could answer it.

7235. I think I understood you to say in answer to the right honourable Chairman, that you thought you were precluded from going into the question of capital, whether capital raised antecedently to the Act of 1868, in the case of the Chartered Company, or 1869 in the case of the Imperial Company, or subsequently raised?—Yes, we thought we were not empowered by the Act to investigate the mode and terms upon which the company raised capital antecedently to the year of revision.

7236. **Mr. Birley.**] Is it your opinion that if the Commissioners were appointed, one by the companies, one by the Metropolitan Board, and one by the Board of Trade, the inquiry would be more efficiently conducted, and more satisfactorily conducted, than by the present system?—I think, as I said before, that there is a great deal to be said for that mode of constituting the tribunal. I think it is possible that the consumers would be better satisfied if they had a representative; and I think further that the communications with the different bodies would be facilitated. It has been made one great objection to the working of these revision sections, that the consumers coming before Commissioners have had great difficulty in getting information. I do not think that the objection can be as strongly put as it has been put. I think it has been overdrawn and exaggerated; but there is something in it, and I think the constitution of the tribunal in that way would certainly tend to facilitate the obtaining of information.

7237. Do not you think it desirable that the Commissioners should have full power to inquire into the question of raising the capital, as well as the want of due care and management?—I think not; as a matter of Parliamentary policy, it is a thing that cannot be dealt with by the Commissioners, and I may go further and say that I do not see how Parliament itself can deal with it.

7238. Now we will take the question of due care and management; has your attention been drawn to the interpretation which the Committee seems to have put upon it in 1867, in which they state that they are of opinion that the present working expenditure might and should have been reduced, but that it was for the companies in the first place to consider among themselves what would be the most convenient mode of attaining that object?—I do not think it would be safe to interpret the Act of 1868 by reference to the Report of the Committee of 1867.

7239. Did you hear Mr. Livesey's evidence?—No, I was not present, but I have read the whole of the evidence.

7240. Do you recollect that Mr. Livesey was asked, whether he, as a gas manager, would have power if he had a commission to make inquiries satisfactorily, into due care and management on the part of the companies?—Yes, I read that, and, of course, it struck me. Mr. Livesey has naturally a very high opinion of the merits and capacities of gas managers.

7241. Do you remember what he says at Question 458; he is asked, "And you do not think that even with those powers they could produce a report to show whether or not there had been due care and economy in the administration?—A. It must be a very glaring case indeed for the Commissioners to put their fingers upon it and say there is a gross case of bad management, and we must deal with it." And then at 1459 he is asked, "Even if they were thorough experts in the trade?" and he says, "Yes;" do you agree with that?—No one can be a better authority upon that than Mr. Livesey; I should be disposed to take that from him. But I should say about that, that it is impossible to have a tribunal of experts upon every subject. If anyone were to be in legal difficulties

culties with Mr. Livesey, he would find that any question as to the management of his works had to be decided by a judge and jury who had never, perhaps, seen the inside of gasworks in their lives.

7242. But Mr. Livesey says, if you had that tribunal of experts, it would not be successful?—That seems to bring the matter to a dead-lock.

7243. Sub-section of Section 68 of the City of London Gas Act, is to the effect that the Commissioners are to take into account any saving or economy which they shall be of opinion might have been effected by amalgamation of the companies, or any of them; did you enter into that question?—In reference to that, in our memorandum on the Chartered Company in 1873 we stated that the Chartered Company had, in pursuance of the policy of Parliament, effected five amalgamations.

7244. I speak of the future, not of the past:—As to the future, we did also deal with it in the second memorandum, at page 267, paragraph 71. We say there, "We stated in our memorandum of last year, referring to Sub-section 2 of Section 68 of the City Gas Act, 1868, that since the passing of that Act the company had amalgamated with five other companies, and that they had in contemplation amalgamation with one more company. That contemplated amalgamation has not been carried into effect."

7245. You do not seem to have taken into account whether it would have been effectual or useful?—We intimated our opinion in the following paragraph, where we said, "The Legislature appear to have adopted the policy of amalgamation in the interest of the consumers; but it has not been shown that hitherto any very marked benefit has accrued to the consumers therefrom." We did go into that.

7246. May I infer that your opinion is that there is no great advantage in the amalgamation of companies as regards economy?—Hitherto that has certainly been, as far as we can judge, the effect.

7247. That is your opinion of the effect of amalgamations of these different companies under the Chartered Act?—Yes, it would seem so.

7248. As far as your inquiry went, that was the result?—Yes. I ought to say that, as regards the Imperial, there is no provision about amalgamation in their Act, and therefore this does not apply to them.

7249. Mr. *Brassey*.] Have you considered at all whether the gas companies might or might not have raised their capital on more favourable terms?—We certainly had reason to think that in some instances they might have done so.

7250. Considering their ordinary stock bears interest at 10 per cent., and commands a high premium in the market, might they not have made application to Parliament for power to raise a certain amount of preference stock at a low rate of interest?—As the honourable Member knows, that is always a question of policy. There are some companies which object very much to have preference capital of any kind; in many cases one hears it spoken of as a sign of weakness.

7251. In the present case, considering the kind of guarantee which exists for the high interest upon the ordinary stock, the advantage of raising preference stock at a low rate would have been very considerable, would it not?—It might have effected a considerable saving in the interest of the consumers. But all those subjects are before Parliament when the authority to issue capital is applied for, and that is the time for the consumers to deal with the matter; they should begin higher up.

7252. There would not have been the same tendency to depreciate the value; the effect of raising the preference stock would not have had the same tendency to depreciate the ordinary stock, as it would in the case where the dividends upon the ordinary stock were not in a certain sense guaranteed to the shareholders?—Yes; but as regards the term guarantee, it is a speculative thing.

7253. *Chairman*.] You stated that at first there was brought into Parliament a Bill which would have applied to all the metropolis, similar to the Act that was finally passed, namely, the City of London Gas Act; can you say why all the companies were not included in that Act?—The Corporation of the City of London, in pursuance of Mr. Cardwell's Report of 1867, brought in a Bill in 1868, and that Bill was used as what has been called a coercion Bill to compel the City companies, that is, the companies that supplied gas within the City, to submit to the terms. As regards the Chartered Company, they were before Parliament

Mr. F. S. Reilly. with a Bill of their own, and the other two companies which supplied the City came in, according to my recollection, by agreement.
25 June 1875.

7254. Sir *Edmund Beckett* (through the *Committee*).] You said that you came to the conclusion that some of the companies had not raised the capital on the most advantageous terms possible; did you mean with reference to the question put to you by the honourable Member just now, raising it upon preference shares?—It was rather a general impression that we had, that more beneficial arrangements might have been made.

7255. I should like to know in what respect you mean?—There was one case in one of the companies which we adverted to in our memorandum, in which we certainly thought that arrangements had been made by the conversion of loan capital into share capital, which was not in the interest of the consumers.

7256. You mean the Imperial case?—Yes.

7257. No doubt you remember that that was specially ratified by the Act of Parliament of 1869?—I do not think the proceeding is expressly ratified; it is recited in the preamble.

7258. I am not going to discuss that question, but were there any others besides that?—No.

7259. You do not mean that the companies could have raised their capital on more advantageous terms, unless they had gone to Parliament for some alteration of the conditions?—We did not go much into speculative questions of that sort, as to the mode of raising capital, for the reason that we thought we could not give any practical effect to any conclusion which we might come to upon the subject.

7260. Mr. *Cripps* (through the *Committee*).] The only companies that you ever had anything to do with in the revision were the Chartered and the Imperial?—Yes.

7261. As to the other companies, you had nothing to do with them?—No.

Mr. W. P. Pattison, Examined.

Mr.
W. P. Pattison.

7262. *Chairman*.] You were one of the Commissioners, I believe?—Yes.

7263. When were you appointed?—For both the years 1873 and 1874.

7264. Is there any point in regard to any of the evidence that has been given before this Committee, which I daresay you have read, upon which you wish to make any statement?—I consider that we had full power to investigate for ourselves, and to come to a conclusion. I think it would appear from the evidence itself that we did to some extent go into the question of capital, and even perhaps drew conclusions as to the discretion which the company had used, both in raising it and in expending it.

7265. Did you modify the final price then fixed?—No, on account of the interpretation put upon the Act. I wish also to say, in regard to investigation, that, personally, I went outside the evidence before us in drawing conclusions. For instance, in one very important matter, the question of leakage of the Chartered Company, which appeared to be excessive for the year 1873, I made inquiries abroad, and especially in Paris, of the chief director there, and you will see that express caution was given to the company that their leakage was thought excessive, and that led at once to a considerable reduction in the following year in the leakage which took place.

7266. You gave them a good hint for the future management of their business?—A very strong caution was given.

7267. You say that you came to conclusions with reference to capital; what were they?—Individually I came to the conclusion that the capital had not been raised in the interest of the consumers; and further, I think that there was unnecessary expenditure of capital, but no effect could be given by reason of the terms in the Act.

7268. Is there any other point which you would like to allude to?—The question was raised, whether the self-interest of the companies was brought into play at all in economising the manufacture through the revision. I think that that was to some extent the case.

7269. In

7269. In what way?—I pointed out one with reference to leakage.

7270. It was rather that you gave them a hint for their good management, which, as you have given it, it would be difficult for them not to some extent to follow?—Next, it would be evident that the insurance fund and the reserve fund rendered nugatory the action of self-interest, inasmuch as there was a sum calculated and allowed to the Chartered Company beyond the 10 per cent., and it was the appropriation of this extra sum which enabled them to declare 10 per cent., so that the Revision Clauses never can be effectual until the reserve fund and the insurance clauses are revised. Again, the Imperial Company would not have been able to pay their dividend if it had not been for the appropriation of the sum provided for the reserve fund.

7271. That is that their estimate before you would have fallen under the expenditure?—No, our allowance would not have given them their dividend; and in that way, the moment the company paid a less dividend to its shareholders than they were accustomed to, the self-interest would at once come into play, and make them economise in the manufacture and in the management. I should also say that with regard to coals, I made independent inquiry amongst the best informed men in the market, and the information so acquired certainly led me to a different conclusion from that which appeared in the evidence.

7272. Did that opinion then obtained modify your final decision?—It did modify the final decision.

7273. Mr. Serjeant *Sargood* (through the *Committee*.) You have intimated that you thought that some of the capital was not raised in the interest of the consumers; do you think it would be a right thing to give to the Revision Commissioners the opportunity of acting on that idea, supposing they thought it well founded?—I do.

7274. Could you act upon it in any other way than to disallow so much of the dividend as would attach to the amount of capital that you thought had been called up imprudently?—No, it would be to that extent.

7275. May I ask you, as a gentleman well acquainted with commercial pursuits, do you think that there would be any chance of getting money advanced upon shares if parties knew that the Revision Commissioners could come to sit in judgment upon them, and say whether or not they should receive a dividend; would any shareholders advance money if they knew that the Revision Commissioners would one day sit in judgment upon the directors for issuing the shares, and say they disallowed the dividends upon them?—It might diminish the marketable value of the shares certainly.

7276. Would not that diminish the chance of ever getting money at all?—No, certainly not.

7277. The undue expenditure of capital you deal with in the same way, by disallowing dividend?—Yes.

7278. In all the companies you would not give a dividend unless the capital was raised and spent?—No.

7279. So that in our company, the Chartered Company, it must be raised and expended before it is entitled to dividend?—Yes.

7280. Therefore there really would be no expenditure of capital upon which you would disallow dividend?—It is my opinion that if the company had spent more capital than was necessary to carry on the work, that such excess of capital should be disallowed in the price. If, for instance, in establishing your works at Bromley you spent 500,000 *l.* when 400,000 *l.* would do, I say interest upon the 100,000 *l.* should be taken off the dividend.

7281. Upon which of the shareholders' shoulders would you desire the fine to fall; upon those who raised the capital which had been so improperly expended?—They would be the debenture holders. The people from whom I would deduct the dividend would be those who had the control of the management; the shareholders who had the high dividend had the control of the management, and the loss should fall upon them.

7282. If old shareholders who had been quite quiescent should be supplemented by new shareholders, who would put in a fresh amount of capital, if you thought their capital was injudiciously expended you would put a fine upon everybody, by disallowing the dividend upon that particular capital?—I put the fine upon those who control the management.

Mr.
W. P. Pattison.
25 June 1875.

7283. You do not mean on the directors' pockets?—No, they are appointed by the shareholders; whoever had the appointment of the directors.

7284. You mean that it should go on the shareholders?—Yes.

7285. Assuming that the gentlemen who are directors are men of intelligence, education, and probity, do you think that any of the three Commissioners would necessarily be better judges of the propriety of the outlay than the directors were themselves?—You must know that mistakes in management occur in all companies; and the object of the revision is, as I consider, to bring in the action of self-interest, so that they shall really one and all be compelled, if possible, to manage in the most economical way possible.

7286. You do not answer my question quite; do you think that any three Commissioners, however well chosen, could be better judges than the directors themselves, as to the propriety of expending capital?—They have a better means of forming an opinion.

7287. Will you tell me why?—Because they will be wise after the event to a certain extent; and more than that, the directors acting at the time may be injudiciously advised, and that may be proved afterwards.

7288. You mean injudiciously advised by their engineer and gas manager?—Yes, they may be mistaken in their ideas.

7289. Are you seriously propounding this theory to Parliament, that that being so, three independent gentlemen should be appointed to sit in judgment to judge after the event, and put a penalty upon the shareholders for the blunder of the engineer and gas manager?—Being wise after the event means this: they have to use their judgment as to the extent to which the directors might have foreseen what would happen.

7290. I assume that they considered the matter intelligently and honestly, and it has turned out a blunder, and you propose to fine the shareholders on that account?—I will give the reasons if you desire it.

7291. Sir *Edmund Beckett* (through the *Committee*).] You said just now that you think the Commissioners ought to have power to disallow the raising of capital not for the benefit of the consumer; did I understand you rightly to say that?—Raised upon terms disadvantageous to the consumer.

7292. Take the case of the South Metropolitan for example, though that has not been under revision. You know that the South Metropolitan in 1869 got special power to raise its further capital at 10 per cent.?—I believe so.

7293. That having been done and granted by Parliament after discussion of the circumstances, do you think the Commissioners ought to be allowed to say to the South Metropolitan Company, True, you got this power from Parliament obviously for your own advantage, but you have exercised it for your own advantage, and therefore you ought to be punished?—I consider the Acts of Parliament should be altered.

7294. You mean that Acts of Parliament hereafter should be passed on a different footing?—Certainly; that from this time capital should be raised on different terms.

7295. You do not mean that the Commissioners ought to be allowed to go back upon capital before raised?—No, certainly not.

7296. Did you find that the Imperial Company, the only one I represent, which you investigated, had expended any capital unwisely?—That is my impression.

7297. In what respect?—The opinion I drew arose thus: I saw the works which had been erected since the Act passed, and the works erected previously at Fulham. The expenditure in the case of Fulham was evidently economical in every respect, or appeared to me to be so. The works at Bow Common were exceedingly elaborate, and it seemed to me that if it had been a company competing against other companies for dividend, a great deal of the expense of the Bow works would not have been incurred.

7298. Will you mention what works you particularly found fault with at Bow Common?—One in particular was the retort-house, I think.

7299. What was the matter with it?—I think it was very expensive. I think the clock tower was an immense expense; I think the bridge was unnecessarily expensive, and I think there were some other points; but I simply give my opinion.

7300. You contrast them with the expenditure at Fulham; the expenditure

at Fulham was made by the company, when they were under less control?—I think they were competing at the time.

7301. Do you know when it was made?—I do not remember.

7302. *Chairman.*] Was it before 1860?—Part of the works were erected before that time, I believe.

7303. Sir *Edmund Beckett* (through the *Committee*).] Was it a large work or a small one?—I do not know the proportion.

The Committee-room was cleared.

After some time the Counsel and parties were again called in.

Chairman.] I may say we have unanimously come to the conclusion to pass the Preamble of the Bill, and to proceed with the clauses before we take the other Bills. We have been taking into consideration what Sir Edmund Beckett kindly suggested, and although we do not think it necessary to pass any resolutions which would appear in the formal proceedings of the Committee, we have no objection to state, if it be desired that we should do so, our view with reference to two or three of the principal clauses.

Mr.
W. P. Pattison.

25 June 1875.

Monday, 28th June 1875.

MEMBERS PRESENT :

Mr. Birley.
Mr. Thomas Brassey.

Mr. Bristowe.
Mr. John G. Talbot.

THE RIGHT HONOURABLE WILLIAM EDWARD FORSTER, IN THE CHAIR.

28 June 1875.

Mr. *Venables* stated that the associated companies had determined to take no further part in the discussion of the Bill before the Committee.

Mr. *West* stated that the Chartered Company had determined to take no further part in the discussion of the Bill before the Committee.

The Clauses of the Bill were proceeded with, and with amendments agreed to.

Upon Clause 18,

Mr. *Thomas William Keates*, re-called ; Examined by Mr. *Philbrick*.

Mr. T. W. Keates.

7304. As to the question of pressure, what do you say ?—There is this difficulty with reference to taking the pressure at any one defined point ; the pressure ought to be taken at some point defined at the outset, and I am of opinion that the best place would be after the gas has entered the house in which the testing-room is situated. In that case we should be taking the pressure at the level of the street, which would be fair to the consumers in all cases. There would be no difficulty in that ; you would only have to put on the pressure gauge in the lower part of the house. As the clause stands now it is unworkable ; it would be impossible to take the pressure at the junction of the service with the main in the middle of the road.

Cross-examined by Mr. *Michael*.

7305. What difficulty would there be in opening the main, and testing the pressure in that manner ?—There is no engineering difficulty.

7306. You said it was impracticable ?—It is impracticable in this sense, supposing day by day you want to test the pressure.

7307. *Chairman*.] What is done at present ?—There is nothing of the kind done at present ; we work under pressure ; that is, the stations are all provided by the means of taking this pressure, and in using the photometer we take the pressure necessarily ; that is, we can always ascertain it.

7308. Is there nothing in the Act requiring a certain pressure ?—Yes ; but there are no instructions as to the recording of the pressure.

7309. Mr. *Michael*.] Is it not the fact that in every Act which has been passed with a clause requiring a certain amount of pressure in every Gas Act throughout the country, this is the test which is put into every such Act ?—That may perhaps be the case ; but, at the same time, I strongly hold the opinion that it is a very great mistake, and it ought to be altered ; it brings the clause into desuetude.

7310. Is it not fair that the pressure should be a pressure in the main, and not a pressure subject to accidental circumstances in the building ?—I do not think the pressure ought to be taken at a place where it is subject to many accidents.

7310.* Mr.

7310*. *Mr. Talbot.*] How long has this alteration been in the Bill?—Almost from the first. *Mr. T. W. Keates.*

28 June 1875.

Mr. Bristowe.] It is not in my original Bill.

Mr. Cripps.] It was marked out in my Bill from the very first.

Witness.] It appears to me that a private customer is fully protected by having the pressure taken at a point where it enters his house.

7311. *Mr. Michael.*] Do I understand you to say that the clause worded as originally standing in the print, is inoperative. Is it unworkable to bore the main and put in a pressure gauge?—No; I do not say that there is any difficulty in an engineer going and putting a pressure gauge on a main, but as a working thing, from day to day, it is impossible.

7312. Can it be necessary day by day, in the absence of any complaint, to do it?—I can give a very good reason for that. I think the pressure ought to be taken——

7313. I say before a vital alteration should be made in the mode of testing adopted all over the country for pressure, some valid reason should be given. You have only said that it requires an engineer to put a service pipe into the main, and put on a pressure gauge in order to test the pressure?—I say that it is impossible to tear up the streets constantly.

7314. It is not necessary to tear up the streets, is it?—In the Bill as it stands the testings are to be taken daily. I take that as the starting point. I think it is utterly impossible to keep in the words in the clause, because you could not take up the streets every day.

7315. Could not you have a permanent service pipe put on to the main, which should be the service pipe at which the pressure should be tested?—That is exactly what I am saying to meet your objection. Instead of making the tests in the testing room, which may be at the top of the house, I propose to put a pressure pipe on the service as soon as it enters the house.

7316. *Chairman.*] By what words do you propose to carry out that object?—It is not in the Bill.

7317. How would you do it?—It is in the Bill that it shall be tested at the testing place.

7318. *Chairman.*] You say you do not want it to be in a testing place. What words would you put in?

Mr. Cripps.] All the difference in this clause is, the cutting out the words "to private consumers," and substituting the words, "at the testing place."

Dr. William Pole, sworn; and Examined.

7319. *Chairman.*] You are a Civil Engineer, and one of the Gas Referees? Yes.

Dr. W. Pole.

7320. Clause 8 replaces Clause 84 in the Act of 1868, and you observe the difference. Have you any opinion about that?—The objection I see to this, which I suppose has a penalty attached to it, if not complied with, is that the pressure at any one place will not give an idea of the pressure at any other place; and that for two reasons, one hydrostatic, and the other hydraulic. A difference of level makes all the difference in pressure. About 10 feet difference of level will make about a 10th of an inch difference in pressure; so that supposing that a testing place is to be 60 feet higher, which is not an unusual difference in level in London, than the consumers' main, and you gave 6-10ths pressure at the testing place, there would be no pressure at all at the place where the consumer lived. And then there is the hydraulic cause of difference, that is, as gas passes up the mains at a certain velocity the effect of that velocity varies the pressure, so that the pressure will be varying continually in different parts of the district, and I hardly see how any testing at any one point, be it where it may, can give evidence of insufficient pressure in other places to found the penalty upon.

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7321. *Mr.*

Dr. W. Pole.
28 June 1875.

7321. Mr. Michael.] Is not the object of a clause of this kind that each individual consumer shall be insured a 6-10ths of an inch?—That is the object of the clause.

7322. And it is fair that the consumer shall be insured the proper amount of pressure in his service pipe?—Yes.

7323. If the level is more or less, that is no guide of what the amount of pressure is upon any individual service pipe of the consumer?—No.

7324. Mr. Cripps.] Is there any practical difficulty in each individual consumer testing for pressure in this way?—There would be if it was done at every consumer's place, but I do not think there will be any difficulty in establishing a service pipe with a cap on, by which tests could be taken at different places, corresponding with the conditions in the Act, and being near the consumer's premises. I have, in my own house, a pressure guage which tests at all times whether the company give the pressure required by law or not; and though it would not be practicable for every consumer to establish that, there would be no difficulty in making tests from time to time in the different places, so as to see whether the Act was complied with. To have a daily test involves considerable difficulty, unless at a particular place which gives no indication of other parts of the district.

7325. Chairman.] But by the last edition of the Bill, the promoters proposed that you should certify the testing places, which you have to do now, but that in certifying the testing places you should take into account what should be the best testing places for pressure. Would you be able to undertake the duties combined; that is, seeing what would be the testing place for purity and light?—We could define a testing place where the pressure might be taken, and by taking it at a low point in the district might ensure that that was the pressure throughout the district. I think that might be done, but I do not think, supposing we chose a testing place for illuminating power and purity convenient for that purpose, without reference to the pressure, that putting the test for pressure at that station would afford any indication on which the company would be fined.

7326. Would the fact that you felt it your duty in defining the testing place to consider the best place for pressure, interfere with your getting the best place for power and purity?—It would depend upon power and purity.

7327. Do you see anything in the old clause that is unworkable?—The old clause is one that has been in practice for some years, and that is a reasonable clause because it insures to the consumer, or intends to insure to the consumer—

7328. I understand an objection to that clause is made by Mr. Keates, saying it is impracticable and has not been worked, because it implies pulling up the roads?—He said that the constant testing of it which should involve penalties, would be a matter of difficulty. So it would if it was done daily; you could not test at many places daily; but so far as regards the clause itself, there is no difficulty in working it, and it is a condition which is just and which it is proper to submit the companies to, and it would surely be possible to find breaches of that condition, without establishing a convenient testing place, if the breaches of that condition do occur.

Chairman.] Do the promoters intend to insist upon the amendment, or will they leave the clause as originally brought in.

Mr. Cripps.] I think as far as possible that if it could be left to the referees, it would be desirable. Mr. Pole thinks that daily testing could not be done at the private place of the consumers.

Witness.] It would require to be done at so many places, because the pressure at one place gives no indication of the pressure at other places.

7329. How could it be done?—I will read this memorandum, though I did not intend to read it. "The referees could only prescribe that the pressure should be tested, at certain hours, at some fixed station. But this would give no assurance that the pressure should be (as stipulated in Clause 8) 6 or 10 10ths 'at the main near the junction therewith of every customer's service pipe.' I doubt whether there is any feasible mode of testing, systematically, the

fulfilment

fulfilment of the condition of Clause 8. If it is desirable that some check should be put on the company as regards the pressure, the only feasible plan seems to be that the pressure should be tried from time to time, at different places, by some inspector appointed for the purpose on behalf of the public; and if found too low, that appeal should be made to the chief gas examiner, on whose report, if unfavourable, the company might be fined"; that would be a way of doing it.

Dr. W. Pole.
28 June 1875.

7330. Mr. *Michael*.] Could not it be carried out under the clause as it originally stood?—I believe if the Board of Works were, under the present Act, to call in an inspector to visit certain spots to see whether the pressure was in accordance with the Act of Parliament, they could do it.

7331. Mr. *Cripps*.] You know that has not been done?—That has not been done.

7332. Rightly or wrongly, it was supposed the clause could not work?—The condition on the part of the company has always been in force. I have tested to see if it was in force at my house, and I found it was generally: but I think that the officers of the Board of Works might establish some means of testing at different places, which would check occasionally any departures from the conditions of the Act.

7333. Mr. *Talbot*.] Then as to the referees; do you think the old clause, as it stood, would work satisfactorily for the consumer?—I think so.

Chairman.] It seems to us, on the whole, that you should not make a change, and that the clause should remain as it originally stood in the Bill.

Clause 8, as amended, was read and agreed to.

The clauses were further read, and, with amendments, agreed to.

Upon Clause 13,

Dr. *William Pole*, re-called; and further Examined.

7334. *Chairman*.] At present you, as one of the referees, have nothing to do with seeing whether there is or is not pressure?—We have not.

Dr. W. Pole.

7335. No complaint as to bad pressure can be entertained by you?—No.

7336. Do you think that it would be out of your power to ascertain whether a complaint was well founded or not?—The words of the Act are: "The referees shall prescribe and certify the mode to be adopted for testing and recording the pressure."

7337. The old Act was, "the illuminating power supplied by the companies," and now it is, "the illuminating power and pressure of gas;" it is bringing this clause which we have just passed to a reality; unless you see some good reason against it, we should put it in?—It gives the referees rather a difficult task, because it is a thing which can hardly be prescribed and certified in a formal way. We, of course, should not shrink from giving any directions as to how it might be done.

7338. Now, turn to Clause 20 as altered, before you give an answer about that?—It would be very difficult for us to prescribe and certify any mode which should ensure the carrying out of the clause just passed, because the pressure varies in different parts of the district, and there is no variation given for the testing station mentioned in Clause 20 which will afford any proof of the fulfilment of Clause 8. Therefore, what we think is, that they would amount only to recommendations as to what should be done at other places than the testing stations, because I believe the pressure should be tested, not at any fixed station, but at several points in the district.

7339. It might add materially to your work; but it is in your power, of course, to give an opinion as to any complaint made by the consumer as to want of pressure at his own place?—Yes; but we should require a staff which at present there is no provision for to make the testings; but I think it is the intention of the Act that we should direct what should be done, and we could give directions

Dr. W. Pole.

28 June 1875.

to the officers of the Metropolitan Board of Works as to how the testings should be made in the district.

7340. Mr. *Bristowe*.] Having regard to the fact that you are to certify the places for testing and recording the illuminating power, there would be no difficulty in your having the necessary apparatus for testing the pressure at those places; whether it is worth much or not is another question; but it would be an excess of your powers, under the section of the Act of Parliament?—The literal fulfilment of this clause would be the easiest thing possible; the question is, whether it would be any use, and whether the companies could be fined for any indications that that gave.

Mr. *Michael*.] I propose a rider to Clause 13, which my learned friend no doubt will assent to. "And the gas referees shall prescribe a sufficient number of times of testing, and the number of tests at each time of testing, to enable the examiner simply to ascertain the illuminating power of the gas supplied by the gas companies during the whole of the day of such testing."

7341. *Chairman*.] Do you see any objection to Clause 13 as it stands?—No.

Chairman.] Your amendment would come in in Clause 20 because this is simply saying what they shall do. Clause 20 is the provision as to testing places and apparatus.

Mr. *Michael*.] As far as Clause 13 stands, I have no objection to it.

7342. *Chairman*.] What are the directions that you give to the testers at the present time?—I was anxious to bring this matter before the Committee myself, because it has been questioned whether what we are doing is in accordance with the Act. We have been in the habit of prescribing not only the number of times of testing, according to Clause 33 of the 1868 Act, but have been in the habit of saying that the first test shall be at such a time, the second test at such a time, and the third test at such a time. No objection has been made to that; our predecessors did it, and we continue to do it; but it has been brought to our notice that the Act of 1868 does not authorise us to fix the times when the testings shall take place; it merely directs us to give the number of times of testing, but without saying at what hours they are to take place. I think that obscurity ought to be cleared up. I do not think it is for me to say whether we should or not give the times when testings should take place, but I think we ought to be told whether we shall or not prescribe the times.

7343. And this addition that is proposed by the Commercial Company does not tell you to prescribe the times of testing, but that there shall be a sufficient number of testings at each time?—I do not see the object of this clause which they propose; it does not seem to me to add anything. The gas referees are directed by another clause, Clause 47 of the 1868 Act, to give a certain number of tests which are supposed to be sufficient, and I do not quite see what this can add for the benefit of any party; perhaps I do not understand it; it does not touch the question which is raised, and which I should like to put before the Committee.

7344. Mr. *Talbot*.] This proposed addition obliges you to give that protection to the companies which now you may give, but are not compelled to give; do not you read it in that way: "Shall prescribe the sufficient number of times and number of tests;" you may do so, but you are not compelled?—I do not think we should be limited in this way.

7345. That we understood, but it is not prescribed in the Act of Parliament?—No.

7346. Mr. *Venables*.] We attach considerable importance to it?—Clause 33 is, "The gas referees shall prescribe and certify the mode and number of times of testing."

7347. *Chairman*.] I see what the meaning of that is, but I have no doubt that you interpret the present Clause 13 to tell you to do what is further detailed in this afterwards, that in prescribing the number of times of testing, and the mode of testing, and so forth, it is your duty to do it, in order to enable the

the examiner fairly to ascertain the illuminating power of gas; but this is a reminder to you and your successors that this should be done?—It comes to nothing, because who is to judge of whether it is sufficient? We are.

Dr. W. Pole.
28 June 1875.

The *Chairman* stated that the proviso would not be accepted.

7348. *Chairman* (to the *Witness*).] You say you want the wording of the Act cleared up?—Yes; I merely want to point out that Clause 33 of the 1868 Act, under which, I believe, Clause 13 is modelled, does not direct us to specify the exact times at which the testings shall take place, and that we have been in the habit of doing so. I do not know whether the Committee will direct us to do that, or leave it open as it is. We might be told that under this clause we have no power to do it, and then we should be obliged to refrain from doing it.

Chairman.] I cannot see how you can say you have not the power.

Mr. *Philbrick.*] They have the power, because the Act prescribes that the testings shall be taken within a certain time, and leaves to the referees to prescribe the mode of testing.

The clauses were further proceeded with, and, with amendments, agreed to.

Upon Clause 20,

Dr. *William Pole*, re-called; and further Examined.

7349. *Chairman.*] WHAT is there new in this clause?—It changes altogether the position of the testing place. I do not know that I can throw any light upon it as to whether the testing place is to be at 1,000 yards from the works or not.

Dr. W. Pole.
—

7350. That is an important part of the Bill?—I do not think that I can throw any light upon it except by saying this, that the testing place in the district does not afford so good a security that the whole of the gas in that district shall correspond with it, as if the testing place were near the works, because it is not certain that all the gas made at the works shall pass the testing place if it is in the district. Supposing the company were inclined to do such a thing, it would be quite competent for the company to supply gas at the testing place of a different quality to that supplied at other parts of the district. It would be possible, I do not say more than that; but if the testing place is near the works, as at Beckton, so that the whole gas supplied to the district must pass the testing place, there is a security that that cannot be done. That is the only question upon the engineering point between the two sites. The object of the testing place being in the district is to test the gas supplied to that district in the great mains which branch from the gasworks in all directions. It does not necessarily follow that the gas tested at the testing place in the district should be similar to the gas which may find its way through other mains into other parts of the same district. Therefore, the test made there might not correspond with the test made in other parts of the district. But in the present arrangements, when the testing place is close or near to the gasworks themselves, so that the whole of the gas has to pass the testing place and be tested in its passage, it must follow that that is a fair sample of the gas supplied to the district.

7351. You will continue to prescribe such a testing place?—No; this clause alters it. We should now be compelled under this clause to prescribe the testing place in the district to be supplied without reference to the position of the works.

7352. That would not imply that you would not have one at the works also. The works would be in the district, surely?—No; there are many places in which the works do not supply within a number of miles.

7353. Do you contemplate no testing place at Beckton?—There is none provided for in the Bill.

Witness.] There is another case at Fulham, where the works do not supply anywhere near themselves; the mains pass away into another district.

Dr. W. Pole.
28 June 1875.

7354. *Chairman.*] Putting aside all question between the Metropolitan Board of Works and the companies, have you thought whether it is advantageous to the consumer that there should not be a test near the works where the gas is made?—I think to test the gas that is made at any works accurately, the test should be near the works; at the same time, I am alive to the argument used, that if there is a loss of power in gas in passing through the mains for a long distance, it must be taken into account. Whether there is or not, I am not clear; my opinion is that for gas of moderate power there is no great loss in passing.

7355. *Mr. Cripps.*] Were not you to have appeared here as a witness for the companies?—No, certainly no.

7356. *Mr. Bristowe.*] How do you read this proposed clause; I do not follow what is meant. What is meant by "the districts applicable to each station"?—I do not understand it. The objection which I raised was in the interest of the consumer, and not in the interest of the company.

Chairman.] As to testing in the district or at the place, that was a point that was considerably argued in the Bill. It was one of those clauses upon which we said nothing on Friday, because we were in hopes that we should have been able to settle it when we came to the clause. We are in such a position now that it is rather difficult for us to do it, therefore we must now take the clause as it stands.

Mr. Cripps proposed to add the words, "District in which the gas is consumed."

The clause, as amended, was read and agreed to.

Upon Clause 35,

Mr. Venables objected to the words, "Or lesser part," being retained in the clause.

Mr. Philbrick was heard in support of the words.

The *Chairman* stated that the Committee had decided to strike out the words.

Upon Clause 45,

Mr. Venables objected to the clause, and was heard in support of his objection.

Mr. Cripps was heard in support of the clause.

After some discussion,

The *Chairman* stated that the Committee had decided to strike out the clause.

Upon Clause 46,

Mr. Venables objected to the clause.

Mr. Cripps objected to the clause.

After some discussion the clause was amended with the insertion of the following words: "A copy of the accounts, before the auditor shall certify the same, shall be forwarded to the Corporation and the Metropolitan Board; and the Corporation and the Metropolitan Board in case they so desire, shall appear before the auditor; and before certifying the accounts the auditor shall, if they require, hear the Corporation and the Metropolitan Board."

Upon the proviso to Clause 50 A,

Mr. Richards, on the part of the South Metropolitan Company, objected to the proviso.

Mr.

Mr. *Cripps* was heard in support of the proviso.

28 June 1875.

After some discussion,

The *Chairman* stated the Committee had decided not to accept the proviso.

The manuscript clauses were further read, and, with amendments, agreed to.

The *Chairman* was directed to report the Bill, as amended, to The House.

ANALYSIS OF INDEX.

LIST of the PRINCIPAL HEADINGS in the following INDEX, with the Pages at which they may be found.

	PAGE		PAGE
<i>Accounts</i> - - - - -	475	<i>City of London</i> - - - - -	491
<i>Act of 1860</i> - - - - -	475	<i>COALS:</i>	
<i>Act of 1868</i> - - - - -	476	1. <i>Price in different years; Effect as re-</i>	
<i>Amalgamation</i> - - - - -	476	<i>gards the Cost of Gas</i> - - - - -	491
<i>Auction Clauses</i> - - - - -	477	2. <i>Probable Price in future years</i> - - - - -	492
<i>Back Dividends</i> - - - - -	477	3. <i>Incidence of High Prices, the burden fall-</i>	
<i>Breach of Faith</i> - - - - -	478	<i>ing upon the Consumers of Gas</i> - - - - -	492
<i>Cannel, and Cannel Gas</i> - - - - -	481	4. <i>Contracts by the Gas Companies; degree</i>	
		<i>of prudence with which effected</i> - - - - -	492
<i>CAPITAL:</i>		5. <i>Chartered Company</i> - - - - -	493
1. <i>Amount of Capital raised by the different</i>		6. <i>Imperial Company</i> - - - - -	493
<i>Companies; great Increase since 1860</i>	482	7. <i>London Company</i> - - - - -	493
2. <i>Question as to Capital having been unduly</i>		8. <i>Phoenix Company</i> - - - - -	494
<i>issued, and unnecessarily expended, in</i>		9. <i>South Metropolitan Company</i> - - - - -	494
<i>view of the Security for high Dividends</i>	482	10. <i>Comparative Prices paid by the South</i>	
3. <i>E expediency of further inquiry, and Check</i>		<i>Metropolitan and by the Chartered,</i>	
<i>as regards Capital Expenditure</i> - - - - -	483	<i>Phoenix, Imperial, and other Com-</i>	
4. <i>Check by means of the proposed Sliding</i>		<i>panies</i> - - - - -	494
<i>Scale</i> - - - - -	483	<i>COKE:</i>	
5. <i>Disapproval of the Conversion of Loan</i>		1. <i>Fluctuation of Price</i> - - - - -	494
<i>Capital into Share Capital</i> - - - - -	483	2. <i>Production</i> - - - - -	495
6. <i>Rates payable for Loans; suggested</i>		3. <i>Storage</i> - - - - -	495
<i>Guarantee by the Metropolitan Board</i>	483	4. <i>Cannel Coke</i> - - - - -	495
<i>CHARTERED GAS COMPANY (GAS LIGHT AND COKE</i>		5. <i>Chartered Company</i> - - - - -	495
<i>COMPANY):</i>		6. <i>Imperial Company</i> - - - - -	495
1. <i>Application by the Company to Parlia-</i>		7. <i>London Company</i> - - - - -	495
<i>ment in 1867</i> - - - - -	484	8. <i>Phoenix Company</i> - - - - -	495
2. <i>City of London Gas Act of 1868</i> - - - - -	484	9. <i>South Metropolitan Company</i> - - - - -	495
3. <i>Capital, and Rate of Dividend; practice</i>		<i>Consumers</i> - - - - -	496
<i>as to New Issues</i> - - - - -	484	<i>Consumption or Supply</i> - - - - -	496
4. <i>Unproductive Capital</i> - - - - -	485	<i>Cost of Production</i> - - - - -	496
5. <i>Reduction of Capital by the Sale of the</i>		<i>Districting Arrangement</i> - - - - -	497
<i>Blackfriars Works</i> - - - - -	485	<i>Dividends (Dividend Deficiency Fund)</i> - - - - -	497
6. <i>Issue of Capital under the Company's</i>		<i>Due Care and Management</i> - - - - -	498
<i>Act of 1872</i> - - - - -	485	<i>Gas Referees</i> - - - - -	502
7. <i>Suggestions for an Amended System of</i>		<i>Guarantee (Maximum Dividends)</i> - - - - -	503
<i>Issue in future</i> - - - - -	485	<i>ILLUMINATING POWER:</i>	
8. <i>Failure of a recent application to Parlia-</i>		1. <i>Present Requirements as to the Amount of</i>	
<i>ment for an Increase of Borrowing</i>		<i>Illuminating Power</i> - - - - -	510
<i>Powers</i> - - - - -	485	2. <i>Generally as to the Character of the</i>	
9. <i>Price and Illuminating Power in refer-</i>		<i>Supply</i> - - - - -	510
<i>ence to Dividend</i> - - - - -	486	3. <i>Low standard of the Supply in the day</i>	
10. <i>Insurance Fund</i> - - - - -	486	<i>time</i> - - - - -	511
11. <i>Contemplated Investment in Steam</i>		4. <i>Difficulty in frosts</i> - - - - -	511
<i>Colliers</i> - - - - -	486	5. <i>Effect of Conveyance a long distance from</i>	
12. <i>Very Extensive Operations of the Com-</i>		<i>the Works</i> - - - - -	511
<i>pany</i> - - - - -	486	6. <i>Instances of considerable Increase of Illu-</i>	
13. <i>Particulars in connection with the Works</i>		<i>minating Power within a short time;</i>	
<i>at Reckton</i> - - - - -	486	<i>conflicting Evidence hereon</i> - - - - -	511
14. <i>Economical Conduct of the different</i>		7. <i>Operation of the System of Penalties;</i>	
<i>Stations</i> - - - - -	487	<i>Amendment suggested</i> - - - - -	511
15. <i>Withdrawal of the Company from the</i>			
<i>Inquiry before the Committee</i> - - - - -	487		

	PAGE
ILLUMINATING POWER—continued.	
8. Objections to any Increase beyond 16 Candles, or to any Decrease - - -	512
IMPERIAL GAS COMPANY:	
1. Chief Provisions of the Company's Act of 1869 - - -	512
2. Bill of the Company in 1868 - - -	512
3. Several Manufacturing Stations, and Large Supplies therefrom; Extensive Facilities at Bromley - - -	513
4. Details relative to the Administration; claim to the Exercise of due Care and Management - - -	513
5. Items of Expenditure at Bromley - - -	513
6. Capital; Mode in which Raised, and Amount of Increase - - -	513
7. Conversion of Loan Capital into Share Capital - - -	514
8. Price, and Illuminating Power in relation to Dividend - - -	514
9. Reserve Fund, and Operation thereof - - -	515
Leahage - - -	518
LONDON GAS COMPANY:	
1. Question as to the Claims of the Company under the Acts of 1860 and 1868 - - -	521
2. Capital - - -	521
3. Price, Illuminating Power, and Dividend - - -	521
4. Benefit to the Company by the Districting Arrangement - - -	522
5. Administration and Management - - -	522
6. Accounts - - -	522
Metropolitan Board of Works - - -	523
Monopoly - - -	523
PHENIX GAS COMPANY:	
1. Claim by the Company to continue under the Act of 1860 - - -	529
2. Capital; explanation as to the Large Amount thereof - - -	529
3. Price, Illuminating Power, and Dividend - - -	529
4. Beneficial Effect of the Act of 1860, and of the Districting Arrangement - - -	529
5. Comparison with the South Metropolitan Company - - -	530
6. Reserve Fund - - -	530
7. Accounts and Management - - -	530
Pressure - - -	530
PRICE:	
1. Maximum Price allowed to each Company under the Acts of 1860 and 1868; actual Price charged - - -	531
2. List of Prices in London and the Provinces in 1873, showing the Increase in each case - - -	531
3. Generally as to the Proposal to fix the Initial Price at 3 s. 9 d. - - -	531
4. Price required by each Company in proportion to its Capital - - -	532
5. Less objection by the Public to the Price than to large Dividends - - -	532
Purchase of Works - - -	533
Purification - - -	533
Reserve and Insurance Funds - - -	535
REVISION:	
1. Qualifications and Mode of Appointment of the Revision Commissioners - - -	536

	PAGE
REVISION—continued.	
2. Action of Local Authorities on the part of the Consumers - - -	536
3. Generally as to the Working of the Revision Clauses of the Act of 1868; Representations more especially in regard to the Restriction upon Inquiry into the Mode in which Capital is raised and expended - - -	536
4. Question as to the Inquiry being effectual on the Score of Due Care and Management - - -	538
5. Costly Character of Revision Inquiries - - -	538
6. Objection to the Right of Revision being abolished without some Equivalent - - -	538
7. Chartered Gas Company; Revision in 1873 and 1874 - - -	538
8. Imperial Gas Company; Revision in 1874 - - -	539
9. Power to apply for Revision of Illuminating Power, as well as of Price - - -	540
10. Provisions as to Revision in the Act of 1860 as well as in the Act of 1868 - - -	540
11. Revision not necessary if there were a Sliding Scale - - -	540
SLIDING SCALE:	
1. Provision as to a Sliding Scale in the Bill of 1867; Rejection thereof - - -	541
2. Evidence in Approval of the principle of a Sliding Scale; incentive thereby to Economy - - -	541
3. Suggestions as to the particular form of Sliding Scale to be adopted; new Clause submitted - - -	542
4. Evidence adverse to the adoption of a Sliding Scale - - -	542
5. Conclusions of the Committee - - -	543
SOUTH METROPOLITAN GAS COMPANY:	
1. Price, Illuminating Power, and Dividend; low Price as compared with other Companies - - -	543
2. Capital - - -	544
3. Reserve - - -	544
4. Character of the Company's District - - -	544
TESTING, AND TEST BURNERS:	
1. As to the several Test Burners adopted since 1860, and the different Results shown as regards Illuminating Power - - -	548
2. Suggestions for the definition by Act, and for the deposit, of a Standard Burner - - -	549
3. Difference between the Test Burner and the Burner used by Consumers - - -	549
4. Prescribed Hours for Testing; question of Amendment hereon - - -	549
5. Position of the Testing Place; amendment proposed - - -	550
6. Proposal in regard to Averages being taken - - -	550
7. Practice as to Testing in Marylebone Parish - - -	550
8. Description of the Process of Testing - - -	550
9. Particulars in connection with the Testing of the Chartered Company's Gas - - -	550
10. Test applied by the Phoenix Company - - -	551
11. Necessity of Testing under the proposed Sliding Scale - - -	551
12. Non-enforcement of the Testing Provisions of the Act of 1860 - - -	551
Uniformity - - -	552
Wages - - -	552
Wear and Tear - - -	552

I N D E X.

N.B.—In this Index the *Figures* in the Analysis of Evidence, and those following the Names of the Witnesses, refer to the Questions in the Evidence.

A.

ACCOUNTS:

Obstacle to any satisfactory scrutiny of the trading accounts of the companies upon the information furnished to the Metropolitan Board; want of access to the books of the companies, *Gunn* 1675-1682 — Admission as to the very full powers of inquiry into the companies' accounts by the auditor for the Board of Trade; entire competency of Mr. Parkes to make such inquiry, *ib.* 1767-1779.

Opinion that an officer on the part of the Metropolitan Board and the Corporation should have reasonable access to the books of the companies; this might be limited to one month before the making up of the accounts, *Stevenson* 3233-3237 — Expediency of the local authorities having a right of inspection of the accounts, independently of the public auditor, *ib.* 3382-3387. 3524-3529.

Explanation that a depreciation fund is not specially set aside in the Imperial Company's accounts; statement hereon as to the Board of Trade auditor being satisfied with the course pursued, and prescribing the form of the accounts, *Chubb* 4346 *et seq.* — Objection to an audit of the accounts of the London Company by the Metropolitan Board, *Hawkins* 5873-5875. 5965-5977 — Altered form in which the accounts of the Chartered Company are kept in accordance with the recommendations of the Revision Commissioners, *Field* 6768, 6769.

Amendment of clause 46, by providing that a copy of the accounts shall be forwarded to the Corporation and the Metropolitan Board, and that these authorities shall have power to appear before the auditor before the accounts are certified, *p.* 470.

See also *Revision. Wear and Tear.*

Act of 1860. Five of the gas companies, if not six, are regulated by the Act of 1860; power under this Act not only to pay future dividends up to 10 per cent. but to make up back dividends up to that amount, *Newton* 6-11. 15-18. 68-72 — Grounds for the conclusion that the Metropolitan Board were not the promoters of the Bill of 1860; support of the Bill by the companies upon sanction being given to the districting arrangement, *ib.* 245-254. 267-274.

Important advantage to the companies by the abolition of competition under the Act of 1860, whilst they were allowed to make up back dividends to 10 per cent., *Newton* 253-266 — Further statement that the Metropolitan Board were no parties to the Act of 1860, they having opposed the Bill in the interests of the consumers, *ib.* 438-442. 846-852.

Very careful preparation of the Act of 1860, which is a very good and efficient measure, *Burke* 3760. 3763-3765 — Doubt as to the extent to which the opposing companies succeeded in procuring alterations in the Bill of 1860; reference more especially to the legalisation of the districting arrangement, *ib.* 3772-3776. 3786, 3787 — Strict compliance of the Imperial Company and of the companies generally with all the obligations imposed by the Act of 1860, *ib.* 3777. 3795, 3796.

Witness contends that the legislation of 1860 was far preferable to that of 1868 and 1869, and that the public were fully protected under the Act of the former year, *Burke* 3907, 3908. 3911-3919. 4032-4040 — Comment upon certain passages in Mr. Cardwell's Report of 1868 to the effect that the Act of 1860 was unduly favourable to the companies; very restrictive operation of the Act as regards the Imperial Company, *ib.* 281.

Act of 1860—continued.

4040-4045. 4050-4052—Statement that the Act of 1860 had nothing to do with enabling the companies to pay their maximum dividend, *Burke* 4040-4045.

Examination to the effect that the Act of 1860 has doubtless been beneficial to the companies, the maximum dividends having been paid by the majority of them since that year, whilst this was not so in previous years, *Chubb* 4568-4590—Belief that it was not intended by Parliament that the legislation of 1860 should hurt the companies, *ib.* 4751-4754.

Opinion that the Act of 1860 is decidedly a better measure than the Acts of 1868-69; lower price in the case of those companies under the former legislation, *Horner* 5401-5405.

See also Back Dividends.

Act of 1868 (City of London Gas Act). Grounds for the contention of the Metropolitan Board that the Act of 1868 never intended to guarantee 10 per cent., *Newton* 12-14. 24—Regulation of the Chartered Company both within and without the City by the City of London Gas Act of 1868, *Newton* 152, 153; *Stevenson* 3018-3021—Examination as to the conclusion arrived at by Lord Cardwell's Committee in 1867 and 1868 upon the question of a Regulation Bill; adoption of a Regulation Bill in passing the City of London Gas Act, *Newton* 281-299. 443-458. 613-622—Statement as to the Act of 1868 having been brought in as a Metropolitan Bill, and as to the companies inside the City having consented to accept the Bill, *ib.* 300-313—Object of the present Bill to adopt much of the legislation of 1868, whilst it excludes what has proved inoperative in the interests of the consumers, *Stevenson* 3319-3321.

Evidence as to the very superior machinery of the Act of 1860 to that of 1868 in the matter of price and the question of inquiry, *Burke* 3907, 3908. 3910-3919. 4032-4040—Stringent and expensive regulations under the Act of 1868 as compared with the provisions of the Act of 1860, *Hawkins* 6045-6050—Witness considers that the Act of 1868 has worked well for the protection of the consumers, *Evans* 6635-6637.

Statement as to the Bill of 1868 having been, substantially, the Bill referred to, and altered by Mr. Cardwell's Committee in 1867, the main difference being the substitution of revision clauses for a sliding scale, *Reilly* 7100-7106—Explanation that the Act of 1868, though founded on a public Bill, was a private Act, having been treated as a hybrid Bill in both Houses of Parliament, *ib.* 7107-7114.

Object of the City of London Gas Bill of 1868 to coerce the companies supplying the City to come under the Bill, the Chartered Company having had a Bill of their own, and the two other companies having come in by agreement, *Reilly* 7253.

See also City of London. Due Care and Management. Metropolitan Board of Works. Select Committee of 1867-68.

Acts of 1868-69. Summary of the terms obtained respectively, by the Imperial and South Metropolitan Companies under their Acts in 1869, *Newton* 458-471.

Allotment of Capital. Advantage of the system of allotment of new capital to existing shareholders in so far as it tends to prevent jobbery in the shares, *Stevenson* 3492, 3493—Belief that the prospect of future allotments does not add to the present market value of the old shares, *ib.* 3552-3562. 3641.

Amalgamation. Extensive amalgamations effected by the Chartered Company under the Act of 1868, *Newton* 34 51—Grounds for the conclusion that the amalgamations since 1860 have been disastrous to the consumers, *ib.* 216-220*—Amalgamation policy of the Chartered Company adverted to as in accordance with the legislation of 1868, whilst experience has shown that this was very mistaken policy as regards the interests of the consumers, *ib.* 681-692.

Prejudice to consumers in the City by the amalgamation carried out, *Shaw* 891. 987-991—Reference to the inquiry which led to the Act of 1868; absorption subsequently of several companies by the Chartered Company, the latter now alone supplying the City, *Stevenson* 3010-3014.

Comparatively small districts which would continue under the Act of 1860, if, as is proposed by Bill, the Commercial and Ratcliff Companies be amalgamated and placed under the Act of 1868, *Horner* 5366-5378—Powers of the Chartered Company as to further amalgamation without special Acts for the purpose, *Field* 6791, 6792.

Conclusion arrived at by the Revision Commissioners that the amalgamations in the case of the Chartered Company had not been attended with any marked benefit to the public, *Reilly* 7243-7248.

See also Equitable Gas Company. Great Central Gas Company.

Ammoniacal Liquor. See Tar and Ammoniacal Liquor.

Report, 1875—continued.

Arbitration. Opinion that there is much to be said in favour of the principle of arbitration, as under the Act of 1860, rather than of occasional revision, as under the Act of 1868, *Reilly* 7228-7232.

Area (Metropolitan Board). Explanation that the companies included in the Act of 1860 and in the present Bill do not quite cover the area of the Metropolitan Board, *Newton* 238.

Auction Clauses (Issue of New Capital). Information promised to the Committee upon the subject of the mode adopted in some provincial towns of offering new gas shares to the public by auction, *Gunn* 2271-2273.

Paper submitted, and examination thereon, relative to various local gas companies upon whom it is compulsory to raise new capital wholly or partially by public auction, *Stevenson* 3238 *et seq.*—Expediency of the premium on shares sold by auction being carried to capital, thus reducing the capital stock carrying dividend, *ib.* 3243, 3244. 3259. 3260—Explanation that the foregoing plan, though advocated by witness, is not supported by the Metropolitan Board, though at the same time they have not expressed any opposition, *ib.* 3308, 3309.

Doubt as to the opponents of any gas Bill having failed in getting the auction clauses, *Stevenson* 3267-3269—Instances at Shipley, Thirsk, and other places, of the imposition of the auction clauses in spite of strenuous resistance on the part of the companies, *ib.* 3281-3307—Illustration of the great saving of dividend-bearing capital by issuing shares at public auction; increased security and value to be given thereby to the old capital, *ib.* 3482-3484. 3501-3503. 3553. 3554. 3559—Comparatively small number of gas companies subject to auction clauses, *ib.* 3485-3491.

Large saving to the consumers in London if future issues of capital came under the auction clauses, *Stevenson* 3501, 3502—Facility of raising the amount of capital actually required, and no more, by means of auction clauses, *ib.* 3553, 3554—Statement with further reference to the compulsion upon several provincial companies to accept auction clauses, *ib.* 3629-3636.

Opinion that the principle involved in the auction clauses is not fair to the companies, and that individual shareholders should have the benefit of the premium shares, *Burke* 3972-3975.

See also *Bradford. Brighton. Bristol. Nottingham. Water Companies.*

Audit of Accounts. See *Accounts.*

B.

Back Dividends. Explanation that under the proposed sliding scale back dividends are not to be allowed; these are, in fact, altogether contrary to mercantile principles as now understood, *Gunn* 2032-2042—Circumstance of the Act of 1868 making no provision as to back dividends, *ib.* 2035.

Power under the Act of 1854 to make up back dividends to 10 per cent. without limitation as to time, *Burke* 3748-3750—Limitation of back dividends to six years under the Act of 1860, *ib.* 3763. 3781—Advantage of the privilege of going back six years in the application of the reserve fund, this privilege not having been contemplated by Mr. Cardwell, *ib.* 4080-4083.

Power of the Phoenix Company under the Act of 1847 to make up back dividends out of reserve, dating from the formation of the company; limitation of this power to six years under the Act of 1860, *Horner* 5201-5205—Restriction in 1860 of the power of paying back dividends in the case of the London Company, the power having been limited to six years, *Hawkins* 6038, 6039—Inability to pay back dividends under the Act of 1868, *Field* 6900—Payment of 11½ per cent. by the Chartered Company in 1864 under the Act of 1860, which permitted back dividends; particulars hereon as to the total back dividends paid before 1868, *ib.* 6875-6888. 6914, 6915.

See also *Equitable Gas Company.*

Beale, Frederick. (Analysis of his Evidence.)—Information relative to the process of testing at Beckton, witness (as chemist for the Chartered Company) submitting that there could not at any time have been a variation to the extent of two candles in ten minutes, 6600-6627.

Beckton Gas Works. See *Chartered Gas Company*, 13. *Illuminating Power. Testing.*

Blackfriars Works. See *Chartered Gas Company*, 5.

Board of Trade. Conclusion as to the third section of the City of London Gas Act of 1868 having intended to put the Board of Trade in lieu of the Home Office; statement 281.

Board of Trade—continued.

hereon as to the expression "the preamble of the said Act" having been inserted in error, *Reilly* 7091.

Explanations in connection with the Board of Trade Bill of 1867 as first referred to Mr. Cardwell's Committee, as modified in respect of the sliding scale proposed, and as finally set aside in view of a further Bill to be brought forward in 1868, *Reilly* 7091-7102.

See also *Accounts. Gas Referees. Sliding Scale.*

Bradford. Effect of the auction clauses in the case of Bradford in obviating the necessity of raising additional capital, *Stevenson* 3252-3256—Statement in explanation of the large purchase money given by the corporation of Bradford for the local gas works, *ib.* 3396-3404.

Breach of Faith. Witness does not admit any breach of faith under the sliding scale arrangement, in Clause 6 of the Bill, as the claim to a 10 per cent. dividend is only conditional, *Newton* 582-585—Further denial that there is anything dishonest in the present action of the Metropolitan Board, and in their attempt to correct the defects or blunders of former legislation, of which at the time they approved, *ib.* 800-807—Absence of any bargain between the consumers and producers in reference to the revision clauses of the Bill of 1868; objection raised at the time by the companies, *ib.* 858, 859.

Question considered whether it is not an invasion of rights to interfere with the regulated monopoly of the companies, *Burke* 3922-3937—Argument that the proposed sliding scale would be a breach of the contract under the Act of 1860, and the Gas Works Clauses Act of 1847, the prescribed rate under the latter being 10 per cent., in the absence of any special rate under the Company's Act, *Horner* 5173-5191—Objection to the proposed sliding scale as a breach of the engagement entered into by Parliament in 1860, *Hawkins* 5903-5909.

See also *Guarantee. Sliding Scale.*

Brighton. Information in connection with the regulations under the Brighton and Hove Act of 1866, in regard to the issue of half the new capital by auction, *Stevenson* 3240-3243. 3270-3279—Increase of maximum price allowed to the Brighton Company, in 1873, to the extent of more than 6d. per 1,000 feet, *ib.* 3369-3373.

Bristol. Provision in the Bristol Gas Company's Act of 1873 for carrying to capital the premiums derived from shares sold by auction, *Stevenson* 3258, 3259.

Bromley Gas Works. See *Imperial Gas Company.*

Burke, James St. George, Q.C. (Analysis of his Evidence.)—Is a Director, and was at one time Governor, of the Imperial Gas Company; is well conversant with metropolis gas legislation, 3685-3688—Four separate establishments of the company, each being in charge of an assistant engineer, with a head engineer who superintends the whole, 3689, 3690—Very large production of gas by the company, 3691, 3692—Separate accounts at each establishment, these being compared weekly as a check upon the expenditure, 3693. 3709-3712.

Careful precautions taken in the purchase of coal, tenders being advertised for, and there being due competition for the supply, 3694-3698—Necessity of making coal contracts for six months or so, on account of the magnitude of the company's manufacture, 3699-3705—Practice of analysing new descriptions of coals before contracting for supplies; test applied also, from time to time, to coal under contract, 3706-3708.

Important duties of the head inspector, who sees to the demands for increased supplies, and watches the arrangements for regulating the pressure, 3713-3717—Complaints by the public come generally through the local inspectors, 3718—Prompt adoption by the company of any improvements or economies introduced by other companies in the mode of manufacture, 3719-3722—Invariable action of the company in the direction of selling the best gas at the cheapest rate, with a view to the satisfaction of the consumers, as well as to self-interest, 3723-3725.

Great reluctance with which the company raised the price of gas in 1873-74, on account of the increased price of coal; necessary increase of the former consequent upon that of the latter, 3725-3727—Allowance made by Parliament for increase of price under the Metropolis Act of 1860; 3728—Incorporation of the Gas Works Clauses Act of 1847 in the Company's Act of 1864; restrictions thereby as to price, illuminating power, and dividend, 3729-3735. 3747-3756—Establishment of the company in 1821, without any limitations as to price, &c., it having, however, failed for some years to pay any dividend, 3731, 3734.

Limitation of dividends to 10 per cent. by the Gas Works Clauses Act of 1847; reserve allowed, which was applicable to back dividends, 3731-3733. 3748-3750—Payment of only 6 per cent. by the company when witness joined it (nearly thirty years ago),

Burke, James St. George, Q.C. (Analysis of his Evidence)—continued.

ago), though more was earned, which was devoted to enlargement of works, 3734 — Application, in 1854, for an Act enabling the company to double its capital; summary of the main provisions of this Act, 3736. 3750-3756 — Limited competition in force down to the year 1857, but not to the prejudice of the company, which paid 10 per cent., 3739-3746 — Voluntary agreement between the companies, in 1857, as to separate districts, 3751.

Considerable agitation in 1857, and subsequently, relative to the monopoly practically enjoyed by the companies; this resulted in the Bill of 1860, promoted by the vestries, and opposed by the companies, for regulating the monopoly, 3757-3762. 3769 — Very careful preparation of the Act of 1860, which is a very good and efficient measure, 3760. 3763. 3765 — Important restrictions and limitations imposed by the Act of 1860 in the case of the Imperial Company; worse position of the company than previously as regards price, illuminating power, back dividends, &c., 3762-3789. 3797. 3798.

Doubt as to the extent to which the opposing companies succeeded in procuring alterations in the Bill of 1860; reference more especially to the legalisation of the districting arrangement, 3772-3776. 3786, 3787 — Strict compliance of the Imperial Company, and of the companies generally, with all the obligations imposed by the Act of 1860; 3777. 3795, 3796 — Important reductions by the company in the price charged to consumers in the years 1860-71; 3778-3780. 3790.

Reference to the circumstances under which the Great Central Company raised their price in the City from 4s. to 4s. 6d., this having greatly offended the Corporation, and having thus led to the agitation against the Metropolis Gas Act of 1860; 3791, 3792 — Competing Bill brought in by the Corporation in 1866, and referred to Sir John Trollope's Committee, together with the Act of 1860; 3791-3794.

Willingness expressed by the companies, in 1866, to reduce the price from 4s. 6d. to 4s., and to increase the illuminating power from twelve to fourteen candles, these concessions having been accepted by the Committee, so that the companies did not tender all the evidence which they had ready, 3799-3807 — Comment upon the Report subsequently made by the Committee as not defining the reduction of price, or the increase of illuminating power, 3802-3807 — Further agitation by the Corporation, and by the Metropolitan Board, in 1866-67, it having been proposed by them to introduce a clause in the Board of Trade Bill of 1867 for buying the companies at a guaranteed interest of 6 per cent., instead of 10; rejection of this proposal by Government, 3806-3812.

Sliding scale proposed by the Bill of 1867, whereby the dividend was to be 7 per cent. at the price of 3s. 6d., with an increase of $\frac{1}{4}$ per cent. for every 1d. reduction in price, 3812-3816 — Rejection of the Bill of 1867 by Mr. Cardwell's Committee, which reported upon it, 3817, 3818 — Several applications made to Parliament by the Imperial Company for increase of capital, several Bills having been necessarily withdrawn on account of the onerous terms sought to be imposed, 3818-3825 — Obligation upon the Chartered Company to accept the terms imposed by Mr. Cardwell in 1868, as it was essential to them to acquire fresh capital powers without delay, 3820. 3824.

Stipulation by the Metropolitan Board, in 1869, that the Bill of the Imperial Company in that year should include the revision clauses of the Act of 1868; 3826-3828. 3850 — Value of the reserve fund, provided by the Company's Act of 1869, as a means of maintaining an equal price, and as facilitating reduction, whilst it postpones the necessity for increase, 3829, 3830. 3837-3849.

Statement as to the company having, in their Bill of 1869, proposed to raise new capital with a dividend of 7 per cent., instead of 10 per cent. as previously given to the Chartered Company for a higher illuminating power; large saving to the consumers in consideration of the lower illuminating power given by witness' company, 3830-3834 — Inequality in applying uniform legislation to the different metropolitan companies, 3834-3836 — Ample protection of the public by the Act of 1847; large and voluntary reductions of price by the company under this Act, 3840. 3872-3875 — Obligation upon the Imperial Company to have applied for a revision in 1873 as well as in 1874, but for the reserve fund, on which they fell back in the former year to the amount of 80,000l., in order to make up 10 per cent., 3841-3849.

Opinion that the Revision Commissioners have most ample power of inquiry, 3851 — Comment upon some of the evidence put before the Commissioners, in 1874, in favour of construction of works piecemeal, 3852-3854 — Very costly and onerous character of the inquiry, 3855, 3859, 3860. 3908, 3909 — Immense consumption of coal by the company annually, the cost having been greatly enhanced by the high price in 1873-74; 3856-3858. 3860 — Value of the reserve in obviating further application, in 1875, for a revision of price, 3861-3865.

Comment upon the proposed abolition of the reserve fund as involving a perfect robbery, 3866-3880 — Conclusion as to the inequality and injustice of the proposed sliding scale, 3868-3871. 3880 — Opinion that there is not the slightest necessity for any new legislation, 3875 — Feeling of Parliament, in 1860, as to the unfairness of a

Burke, James St. George, Q.C. (Analysis of his Evidence)—continued

proposal to reduce the maximum dividend to 8 per cent., 3876-3879—Circumstance of Sir Robert Peel having passed an Act, in 1844, whereby Government might buy future railways on securing to them 10 per cent., 3879.

Explanation as to the proportion of the capital of the Imperial Company limited to 10 per cent. and 7 per cent. respectively, and as to the latter shares having in some degree a preference over the former, 3881-3895—Great difficulty experienced by the company, in 1866, in issuing new capital at 7 per cent., 3889-3894—Necessity of a considerable and very inadvisable increase of expenditure for cannel, if the company were required to supply a minimum of 16-candle gas, 3896-3898. 3900*—Very limited supply of cannel, so that an increased demand would greatly enhance the cost, 3897—Statement as to witness' company really giving fifteen or sixteen candles through fear of penalties for going below fourteen candles, 3899, 3900.

Injustice to holders of shares in the company by the purchase proposals of the Metropolitan Board, 3901, 3902—Nonsensical character of the competing Bill of the Board, so that it had to be withdrawn ignominiously, 3903—Circumstance of the purchase scheme having really increased the market value of the shares, 3904-3906.

Witness contends that the legislation of 1860 was far preferable to that of 1868 and 1869, and that the public were fully protected under the Act of the former year, 3907, 3908. 3911-3919—Necessity of the power of revision, if the other provisions of the Act of 1869 are kept in force, 3910—Grounds for the statement that the competing Bill is ridiculous in its character, 3920, 3921—Conclusion further expressed as to the injustice involved in the Purchase Bill, 3921.

Question considered whether it is not an invasion of rights to interfere with the regulated monopoly of the companies, 3922-3937—Denial that the revision clauses are a failure, as regards inquiry into the question of due care and management, 3938—Injustice in entirely doing away with the revision clauses sanctioned by Parliament as a means of enabling the dividend to be maintained, 3939-3942.

Evidence to the effect that the Imperial Company never pressed for a 10 per cent. dividend upon the new capital under their Bill of 1869, although 10 per cent., and not 7 per cent., was originally inserted in the Bill, 3943-3954—Circumstance of the Chartered and South Metropolitan Companies having had 10 per cent. allowed on their new capital; doubt what provincial companies have got, 3955-3959.

Further information in connection with the issue of 7 per cent. capital in 1866, which was offered to the general public, as well as to the shareholders, and was placed with difficulty, 3960-3971—Opinion that the principle involved in the auction clauses is not fair to the company, and that individual shareholders should have the benefit of the premium on shares, 3972-3975.

[Second Examination.]—Initiative in the companies, under the Act of 1860, to apply for any excess of the maximum price of 4*s.* 6*d.* fixed by the Act, the onus of resisting increase resting with the local authority, 3976-3979—Disadvantageous and costly machinery as to inquiry, under the Act of 1868, as compared with the practical absence of inquiry under the Act of 1860; 3978-3982. 3986. 3987.

Payment, doubtless, by the consumers, in the long run, of the increased cost of coals as the basis of manufacture, 3983-3985—Very large competition for coal supplies to the Imperial Company, coal being procured as cheaply as possible, 3988-3991—Conclusion that the system of contracting well in advance does not result in the company paying more, on the average, than other London companies, 3992-3997—Equally cheap manufacture by the company, as by other companies, all known improvements being adopted, 3998, 3999.

Important reductions in price in former years adverted to as evidence of the company having worked beneficially to the public, 4000, 4001—Obligation upon the directors, as trustees for the shareholders, to apply to the Revision Commissioners, in 1874, in order to maintain the dividend, 4002—Statement as to the company having risked a possible estimated loss of 40,000*l.* by supplying at 3*s.* 9*d.* during the present year, rather than apply for a second revision; question hereon whether this loss might not have been recouped out of the reserve fund, without the shareholders being prejudiced, 4003-4024.

Duty of the company, in raising capital, to issue it on such terms as will ensure its being obtained with certainty, and to consider the interests of the shareholders in the matter, as well as of the public, 4025-4028—Consideration by Parliament of both the public and the companies in sanctioning the creation of capital at different rates in London and in the provinces, 4028, 4029—Deprecation of any compulsory reduction of the contingent rights of the companies by the Metropolitan Board, 4030, 4031.

Further evidence as to the very superior machinery of the Act of 1860 to that of the Act of 1868, in reference to the matter of price and the question of inquiry, 4032-4040—Comment upon certain passages in Mr. Cardwell's Report of 1868 to the effect

Report, 1875—continued.

Burke, James St. George, Q.C. (Analysis of his Evidence)—continued.

effect that the Act of 1860 was unduly favourable to the companies; very restrictive operation of the Act as regards the Imperial Company, 4040-4045. 4050-4052—Statement that the Act of 1860 had nothing to do with enabling the companies to pay their maximum dividend, 4040-4045—Circumstance of the local authorities having never fairly tried what the Act of 1860 would do for them, 4046-4049.

Increased charge for the delivery of coals at the Imperial Company's works on the river Lea, as compared with the charge in the case of other companies, 4053-4056—Further reference to the withdrawal of 80,000*l.* from the reserve in order to make up the dividend in 1873; 4057-4059—Estimated deficiency of 137,741*l.* upon dividend account in 1874, or more than 5 per cent., but for the increased price on revision, 4060-4067—Very close manner in which all the representations made to the Commissioners were contested, the price of 4*s.* 8*d.* eventually allowed not having proved sufficient to fill up the reserve fund, 4068-4071.

Intention of Mr. Cardwell's Committee to deprive the companies of the reserve fund; this legislation the companies refused to accept, 4072. 4082, 4083—Non-allowance of any reserve by the City of London Act of 1868, which, however, applied only to the Chartered Company, 4073-4077—Power of the Imperial Company, by their Act of 1869, to have a reserve of 81,250*l.*, 4078, 4079—Advantage of the privilege of going back six years in the application of the reserve fund, this privilege not having been contemplated by Mr. Cardwell, 4080-4083.

Grounds for the conclusion that the sliding scale proposed by the Metropolitan Board is practically unworkable; reference more especially to its effect as regards the relative rights of the 10 per cent. and the 7 per cent. shareholders of the Imperial Company, 4084-4092—Conviction expressed as to the inexpediency of the 6th Clause, on general public grounds, 4092—Prospect of gas being much cheaper in course of time, in which case the clause would operate prejudicially to the Metropolitan Board and the consumers, *ib.*

Comment upon the great cost of purification experiments forced upon the companies by the action of the gas referees, 4092—Unprecedented character of the proposal for buying the shares at an average of three years preceding the purchase, 4093, 4094—Very large sum allowed annually for wear and tear in the accounts of the Imperial Company, 4095, 4096.

Burners. Very inferior burners frequently used by consumers; steps taken by witness' company in recommending improved burners, *Livesey* 1165-1169—Bad burners used by private consumers; waste of gas thereby, *Keates* 2438-2441—Very careful inquiry made by witness and the other gas referees into the different kinds of burners in public use; great deficiency of many of these, *Patterson* 2893-2896—Fitness of the present standard burner, as well as the burner of 1864, for use by general consumers, *ib.* 2913-2920.—See also *Testing, and Test Burners.*

C.

CANNEL, AND CANNEL GAS:

Tendency to a diminished consumption of cannel gas in the metropolis, an illuminating power of sixteen candles being calculated to give general satisfaction, *Newton* 204-206—Objection to more than sixteen-candle gas as necessitating the use of cannel, which is very expensive, and spoils the coke, *Livesey* 1109—Increased expense of the Chartered Company through the use of cannel; this, however, being considered in the price of the gas, *ib.* 1469-1471—Table showing the price of cannel gas as supplied by the different companies in the years 1869-74; *Gunn* 1716.

Very high illuminating power in some towns in the north where cannel gas is supplied, *Keates* 2420-2422; *Stevenson* 3679-3682—Disadvantages of cannel gas; limited extent to which now consumed in London, *Keates* 2423, 2424.

Evidence showing that a very small per-centage of cannel is required to bring the illuminating power up to and beyond sixteen candles; increase of about 1*d.* per ton in the cost by the cannel used, *Stevenson* 3164-3181—Use of only 2½ per cent. of cannel in the Blackfriars district to supply sixteen-candle gas, *ib.* 3167-3174—Circumstance of the South Metropolitan Company having supplied sixteen and a half candles throughout the year, and having used only some 300 tons of cannel, *ib.* 3167.

Initial price of 4*s.* 9*d.* for cannel gas under the proposed sliding scale, *p.* 240.

Necessity of a considerable and very inadvisable increase of expenditure for cannel if the Imperial Company were required to supply a minimum of sixteen-candle gas, *Burke* 3896-3898. 3900*—Very limited supply of cannel so that an increased demand would greatly enhance the cost, *ib.* 3897.

CANNEL, AND CANNEL GAS—continued.

Varying per-centage of cannel used by the Phoenix Company in order to maintain the illuminating power; variation in the quality of the coal from time to time, *Horner* 5308-5310—Supply of fifteen and a half candle gas by the Phoenix Company, for which purpose it is necessary to use about three per cent. of cannel, *Woodall* 5625-5632. 5682, 5683. 5782—Necessity of an increase of 6 per cent. of cannel, if it were obligatory to supply sixteen-candle gas under penalties, *ib.* 5633-5636. 5684-5689—Very limited supply of cannel coal, so that it is not desirable to stipulate for an increase of illuminating power, *Woodall* 5637-5639; *Sir G. Elliot* 6139-6141.

Statement to the effect that in order to supply 16-candle gas the Chartered Company use 6 per cent. of cannel, whilst the Imperial Company use only 3 per cent.; smaller illuminating power in the case of the latter company, *Evans* 6707-6719. 6725-6730—Very small additional cost per 1,000 feet by using 3 per cent. of cannel, *ib.* 6720-6724—Use of Wigan cannel by the Imperial Company, and of Hucknell cannel by the Chartered Company, *ib.* 6726-6728—Large use of cannel by the Chartered Company in 1868 adverted to as one of the reasons of reduced dividend in that year, *Field* 6862.

See also *Illuminating Power*.

CAPITAL:

1. Amount of Capital raised by the different Companies; great Increase since 1860.
2. Question as to Capital having been unduly issued, and unnecessarily expended, in view of the Security for high Dividends.
3. Expediency of further Inquiry, and check as regards Capital Expenditure.
4. Check by means of the proposed Sliding Scale.
5. Disapproval of the Conversion of Loan Capital into Share Capital.
6. Rates payable for Loans; suggested Guarantee by the Metropolitan Board.

1. Amount of Capital raised by the different Companies; great Increase since 1860:

Very large capital raised by the Chartered, Imperial, and other companies since the legislation of 1868; since 1860 the capital has probably doubled, *Newton* 477-489—Very moderate capital of all the companies in 1863, *Livesey* 1440—Exception taken to the large expenditure of the Imperial and Chartered Companies on new works, *ib.* 1445—Unproductive capital of the South Metropolitan as well as of the Chartered Company, *ib.* 1498-1505.

Explanations in connection with a statement showing the share capital actually paid up on 31st December 1874 and the maximum dividend; total of 8,880,703 £, *Gunn* 1547-1551. 1556-1559—Loan capital called up to the amount of 1,734,512 £, *ib.* 1551—Share capital to the amount of 1,602,197 £, and loan capital to the amount of 292,312 £. not called up; maximum dividend allowed in the former case, *ib.* 1551-1555. 1560—Table showing the share capital and loan capital of each company on the 31st December 1874; total of 10,615,215 £, *ib.* 1721, 1722.

Admission that the gas companies are constrained to enlarge their capital expenditure with reference to the increasing demands of the public, whom they are bound to supply, *Gunn* 1723-1729—Great importance of the question of capital as affecting the price necessary to pay the prescribed dividend, *Stevenson* 3086-3099—Larger amount of superfluous plant (save when the demand is large) in the case of gas companies than of railway and other companies, *Chubb* 4989-4992.

2. Question as to Capital having been unduly issued, and unnecessarily expended, in view of the Security for high Dividends:

Interest of the directors of the companies in increased capital expenditure, under the present system of guaranteed dividends; under this system the direction should rest with the consumers, *Newton* 733-739—Comments by witness in his address to the British Association of Gas Managers in 1874, upon the operation of the revision clauses as being an incentive to excessive outlay of capital, *Livesey* 1053-1056—Increase being made in the capital of witness' company; direct inducement to increase on account of the securities for a 10 per cent. dividend, *ib.* 1481, 1482.

Positive encouragement to the creation of new share capital by the operation of the revision clauses, *Gunn* 1670-1672—Direct interest of the shareholders in the immediate issue of new shares, whether the money is required or not; important gain represented by the premium on new stock, *ib.* 1688-1699.

Effect of the 6th Clause of the Bill in preventing excessive outlay of capital, whilst under the revision machinery there is no check, and the consumers are obliged to pay full dividend, *Gunn* 2100-2131. 2175-2181.

Considerable

CAPITAL—continued.

2. *Question as to Capital having been unduly issued, &c.*—continued.

Considerable period in advance for which additional capital is usually applied for when companies come before Parliament; there is, however, no real check upon the whole amount being called up at once, *Stevenson* 3104-3111—Decided objection further expressed as regards the issue in future of any large amount of capital at 10 per cent. dividend, *ib.* 3639-3643.

Higher value of the shares in the market if it were not for the constant agitation against the companies; disadvantage thereby to the consumers as capital is less beneficially placed, *Chubb* 4993, 4994—Doubt as to the companies being any more ready to provide capital and extend works since 1860 than before that year, *Horner* 5560-5566—Injurious effect upon any company by over-issues of capital under the inducement of obtaining full dividends thereon, *Woodall* 5759-5770.

Witness, as Revision Commissioner, came to the conclusion that capital had not been raised in the interest of the consumers, and had been unnecessarily expended, *Pattison* 7267. 7291. 7299-7305.

3. *Expediency of further Inquiry and check as regards Capital Expenditure :*

Evidence in support of the conclusion that there is not proper facility of inquiry into fresh issues of capital, and into capital expenditure in connection with proceedings under the revision clauses, *Newton* 109-123. 135. 363-368. 387; *Shaw* 880. 976-978; *Gunn* 1680-1682. 1780-1785. 1793-1805 1825-1829. 1835-1841; *Stevenson* 3086-3103.

Denial that under the Imperial Company's Act of 1869 there is full power to inquire properly into the question whether capital has been wastefully expended, *Newton* 363-368. 384-387—Explanation that an inquiry into capital is not proposed by the Bill of the Metropolitan Board, the revision clauses having been expunged, *ib.* 727-729—Insufficiency of the inquiry before a Parliamentary Committee as a check upon future capital expenditure, *ib.* 730-732.

Conclusion as to the expediency of some power to investigate the reasons for the issue of fresh capital by any company, *Gunn* 1680-1682. 1687.

Inability of witness to offer any suggestion with a view to checking the mode of raising capital, *Reilly* 7211—Considerable saving feasible if preference capital had been raised by the companies at reduced rates of interest; check of Parliament on this score when authority to issue capital is applied for, *ib.* 7249-7252.

4. *Check by means of the proposed Sliding Scale :*

Salutary check upon excessive capital outlay by the proposed sliding scale, and by the diminution of dividend if the price be raised above 3 s. 9 d., *Gunn* 1829, 1830—Frequency of public bodies being restricted as to the mode of raising their capital when the interest falls upon the ratepayers, *ib.* 2094-2099—Way in which Clause 6 of the Bill will operate in preventing the raising of capital before it is required; absence of any check at present, *ib.* 2100-2131. 2175-2181.

Advantage under a sliding scale in raising capital at 5 per cent., in so far as this diminishes the average per-centage of dividend, *Hawkins* 5945-5958—Boon to the shareholders at present by the allotment of capital at enlarged rates of interest whilst under the sliding scale it would be advantageous to them to borrow on the lowest possible terms, *ib.* 6071-6077.

5. *Disapproval of the Conversion of Loan Capital into Share Capital :*

Exception taken to the power of raising money by loan and converting it into share capital; condemnation more especially of the action of the Imperial Company in this respect, *Newton* 369-383; *Reilly* 7225. 7254-7258.

6. *Rates payable for Loans ; suggested Guarantee by the Metropolitan Board :*

Varying rates from 4 to 5 per cent. paid by the companies for loans, *Gunn* 1551.

Interest of from 4½ to 5 per cent. paid by the Imperial Company for loans on debenture; doubt as to the debentures being at a premium, *Chubb* 4771-4773—Advantage if loans could be raised, backed up by the guarantee of the Metropolitan Board, *ib.* 4773-4777. 5002-5004—Probability of the Imperial Company being able to raise new capital at 4½ or 5 per cent. if they might do it by loan instead of by shares, *ib.* 5007-5014.

Doubt as to the expediency of the present restriction upon the raising of loan capital, *Reilly* 7226. 7233, 7234—Suggestion that the Metropolitan Board might assist the companies in the matter of loans, *ib.* 7227.

See also *Allotment of Capital.*

Engineers and Managers.

Phoenix Gas Company.

Auction Clauses.

Imperial Gas Company.

Revision.

Chartered Gas Company.

London Gas Company.

South Metropolitan Gas Company.

Cardwell, Right Hon. Mr. (Select Committee of 1867-68). Question considered as to Mr. Cardwell's Committee in 1867 or 1868 having approved disturbance of the arrangements or terms under the Act of 1860; reference hereon to the passing of the City of London Gas Act of 1868, *Newton* 281-299. 443-458 — Circumstance of Mr. Cardwell having objected to the legislation of 1860 as unsatisfactory, *ib.* 620, 621.

Comment upon certain passages in Mr. Cardwell's Report of 1868 to the effect that the Act of 1860 was unduly favourable to the companies, *Burke* 4040-4045. 4050-4052.

CHARTERED GAS COMPANY (GAS LIGHT AND COKE COMPANY):

1. *Application by the Company to Parliament in 1867.*
2. *City of London Gas Act of 1868.*
3. *Capital, and Rate of Dividend; Practice as to New Issues.*
4. *Unproductive Capital.*
5. *Reduction of Capital by the Sale of the Blackfriars Works.*
6. *Issue of Capital under the Company's Act of 1872.*
7. *Suggestions for an amended System of Issue in future.*
8. *Failure of a recent Application to Parliament for an Increase of Borrowing Powers.*
9. *Price and Illuminating Power in reference to Dividend.*
10. *Insurance Fund.*
11. *Contemplated Investment in Steam Colliers.*
12. *Very extensive Operations of the Company.*
13. *Particulars in connection with the Works at Beckton.*
14. *Economical Conduct of the different Stations.*
15. *Withdrawal of the Company from the Inquiry before the Committee.*

1. *Application by the Company to Parliament in 1867:*

Promotion by the Chartered Company of a Bill of their own before the Select Committee of 1867; refusal however by the company of the terms submitted by the Committee, *Newton* 27-31.

2. *City of London Gas Act of 1868:*

Regulation of the Chartered Company both outside and within the City by the City Gas Act of 1868; that is, including the companies absorbed by amalgamation, *Newton* 152, 153; *Stevenson* 3018-3021—Opposition of the Metropolitan Board to the Chartered Company's Bill of 1868, in so far as it proposed to raise new capital at a dividend of ten per cent., *Newton* 472-476.

Circumstances under which the Chartered Company accepted the terms and restrictions imposed by Lord Cardwell's Committee in 1868, and came under the City of London Act, the two other city gas companies subsequently amalgamating with the Chartered Company, *Newton* 633-644—Opinion that the obligations placed upon the Chartered Company by the Act of 1868 were light in comparison with the privileges by means of revision, *Stevenson* 3451-3453.

Obligation upon the Chartered Company to accept the terms imposed by Mr. Cardwell in 1868, as it was essential to them to acquire fresh capital powers without delay, *Burke* 3820. 3824.

3. *Capital and Rate of Dividend; Practice as to New Issues:*

Argument that the Metropolitan Board were perfectly justified in their efforts to cut down to seven per cent. the dividend on the large amount of new capital raised by the Chartered Company under the Act of 1868, *Newton* 693-705. 864-867—Great increase in the capital of the company since 1869, *Gunn* 1669, 1670.

Statement showing how the capital of the company has been raised under different Acts; aggregate of 5,213,500*l.* as the total capital powers, including those of the amalgamated companies, *Field* 6784-6790. 6794—Power first obtained in 1868 to raise loan capital, as well as share capital; amount of borrowing power in that year and subsequently, *ib.* 6787. 6793. 6819-6825—Large increase of share capital and loan capital by the amalgamation under the Acts of 1868 and 1871, *ib.* 6787-6789.

Great waste of capital formerly by reason of the keen competition in the City, *Field* 6795—Necessity of buying a great deal of land for laying the main to Beckton, *ib.* 6796—Total of 3,963,500*l.* as the capital actually raised and expended up to 31st December 1874; proportion of this at ten per cent., and proportion raised in debentures, *ib.* 6806-6810. 6823-6825—Exhaustion of borrowing powers when the sum of 250,000*l.* is raised; refusal of similar borrowing powers to the Chartered as to other companies, *ib.* 6811-6813. 6819-6825—Market price of the different shares or stocks, *ib.* 6814-6818.

Tabular statement of share and loan capital, showing the amounts at different rates of interest and the different periods at which raised, *Ev.* p. 426—Table showing the capital

CHARTERED GAS COMPANY (GAS LIGHT AND COKE COMPANY)—continued.

3. *Capital and Rate of Discount ; practice as to New Issues*—continued.

capital raised in each year, from December 1861 to December 1874, and the rates at which raised, *Ev. p. 427*—Statement of the amounts of share and loan capital respectively, obtained under the several Acts or amalgamations, *ib. 428*.

Average of 7.79 per cent. as the rate of interest in 1874 upon the whole share and loan capital of the company, *Field 6832. 6910-6912*—Large expenditure out of profits upon the permanent plant of the company on capital account previously to 1868, *ib. 6833-6845. 6857*.

Statement of the yearly dividends paid by the company since 1860; the amount in 1868 was only 5½ per cent., *Field 6858-6861*—Practice of allotting the debentures to the shareholders, *ib. 6916*.

Conversion of debentures into debenture stock at 4½ per cent. interest; the former have always been raised at the lowest possible rate, *Field 7074. 7077-7080*—Dividend at the rate of 8.61 per cent. in 1874 upon share capital, *ib. 6917, 6918*—Further reference to the share capital of the Chartered Company (exclusion of the amalgamated companies), as being eventually entitled to a ten per cent. dividend all round, *ib. 6938-6941*—Credit carried to capital in respect of any premium on shares not taken up by the shareholders to whom allotted, *ib. 7075, 7076*.

4. *Unproductive Capital:*

Particulars of capital unproductive for different reasons; total of 650,000 *l.*, *Ev. p. 427*—Investigation of the items composing the total of 650,000 *l.* of unproductive capital, witness submitting that this carries an average dividend of 7½ and not 10 per cent.; charge equal to from 3 *d.* to 4 *d.* per 1,000 feet of gas, in order to meet the dividend on this capital, *Field 6966-6987. 7067-7070*.

5. *Reduction of Capital by the Sale of the Blackfriars Works:*

Diminution of capital by the amount received for Blackfriars works and other works or stations, *Field 6852-6856*—Opinion as to the inaccuracy of Mr. Beck in stating that the 170,000 *l.* for the Blackfriars works represented a dividend of ten per cent., *ib. 6973, 6974. 7067-7070*.

6. *Issue of Capital under the Company's Act of 1872:*

Dividend of only five per cent. for the first five years in the case of the new and unproductive capital issued by the Chartered Company; increase of price necessary for meeting this charge, *Livesey 1501. 1504-1511*—Particulars relative to the five per cent. preference capital recently issued by the Chartered Company convertible, after five years, into ordinary ten per cent. stock; great boon to the shareholders by this issue, *Gunn 1682-1687. 1692-1711*—Evidence in strong condemnation of the large issue of new ten per cent. capital by the Chartered Company to the shareholders, a premium of seventy or eighty per cent. being involved, whilst they could raise the same amount by a five per cent. stock, *ib. 2143-2174*.

Powers obtained by the Chartered Company in 1872 to raise a further capital of 1,000,000 *l.*, to be entitled to ten per cent. after five years; practical guarantee of this capital by the revision clauses of the Act of 1868, *Stevenson 3037-3043*—Further comment upon the permission given by Parliament to raise 1,000,000 *l.* new capital bearing ten per cent., *ib. 3458. 3642*.

Consideration of the course pursued in issuing, in 1875, 500,000 *l.* share capital, of which only 100,000 *l.* is called up without any exercise of borrowing powers, *Field 6942-6965*—Entire readiness of the shareholders to take up all the new share capital, none of it being offered to the public, *ib. 6949, 6950. 6962*—Dividend of only five per cent. for five years on the new share capital, so that the public are not prejudiced by the non-issue of loans, *ib. 6961. 6964, 6965. 7071-7073*.

7. *Suggestions for an amended System of Issue in future:*

Examination to the effect that as regards the capital already raised by the Chartered Company under the Act of 1868 the existing shareholders should be fully protected, but that the unissued portion should be offered to the public and the premiums carried to capital account, *Stevenson 3457-3474. 3482-3503. 3595-3609. 3639-3641*.

8. *Failure of a recent Application to Parliament for an Increase of Borrowing Powers:*

Application to Parliament in the present Session to raise money by debenture stock without new share capital; failure thereof, *Field 6830, 6831*.

Further statement as to the Bill of the Chartered Company in the present Session having sought to extend the borrowing powers of the company; other objects of the Bill, *Field 7045-7053. 7060*.

Report, 1875—continued.

CHARTERED GAS COMPANY (GAS LIGHT AND COKE COMPANY)—continued.

9. *Price and Illuminating Power in reference to Dividend:*

Calculation as to the decrease of dividend necessary in the case of the Chartered Company under the sliding-scale arrangement, if it had been in force in 1873 and 1874; that is, with a price of 3*s.* 9*d.*, *Newton* 390-397—Table showing the price charged, and the illuminating power supplied by the company in each of the years 1869-73, *Gunn* 1716—Higher illuminating power supplied by the Chartered than by the Imperial or any other company, *Keates* 2450-2456.

Result of witness' investigation of certain accounts of the Chartered and South Metropolitan Companies, that after setting aside, out of a price of 3*s.* 9*d.* in the former case, the portion necessary for maximum dividend, sufficient should remain to cover all ordinary expenses of manufacture, with a surplus over, *Stevenson* 3150-3160—Very small reduction of dividend represented by an advance of 1*d.* beyond 3*s.* 9*d.* in the case of the Chartered Company; improbability of any reduction at all, *ib.* 3663-3665.

Statement of the price charged by the company in each of the years 1869-74, *Chubb* 4444—Tabular statement showing the surplus or deficiency of profits for the maximum dividend in each of the years 1870-73, *Chubb's Ev.* p. 295.

Instructions to witness, as manager at Beckton, to keep up to the Parliamentary standard of sixteen candles; invariable practice of maintaining this standard as nearly as possible, there being liability to penalty for default, *Trewby* 6293-6296. 6301-6303—Average illuminating power of 16·32 candles as the result of 1,426 testings, *ib.* 6297-6300—Good quality and low price of the present supply of the Chartered Company, *ib.* 6425-6429.

Prices charged in each year since 1860 for gas of different illuminating power, *Ev.* p. 431—Price and illuminating power in the years 1866-70 as affecting the rate of dividend, *Field* 6893-6897.

10. *Insurance Fund:*

Comment upon the system by which the price of the Chartered Company is so regulated as to allow one per cent. to be carried to the contingency fund, the latter being used when necessary to make the dividend up to ten per cent., *Newton* 124-136. 139.

Prejudicial operation of the present system whereby when gas is dear there is a sum of one per cent. allowed by revision for an insurance fund; interference thereby with the incentive to due care and management, *Gunn* 1979-1998. 2006-2029—Hardship upon the consumers in no part of the profits in 1873 having been carried to an insurance fund, *ib.* 1980-1984. 1999 *et seq.*

Commencement of the insurance fund on the amalgamation with the Equitable Company in 1871, the latter having brought over an undivided profit of 29,776*l.*; statement handed in showing the subsequent increment of the fund, *Field* 6863-6869 and *Ev.* p. 432—Circumstance of the company having never had a reserve fund, though there was at one time a contingency fund of about 19,000*l.* which was absorbed by the fire at Saville House, *Field* 6901-6905. 6913.

11. *Contemplated Investment in Steam Colliers:*

Comment upon a proposal by the Chartered Company to invest money in steam colliers (and also in coal mines) for the purposes of their gas supply; prejudice to the consumers if the speculation were unfortunate, whilst the company could secure themselves under the revision clauses, *Stevenson* 3077-3085—Further comment upon the proposal of the Chartered Company to purchase steam colliers, *ib.* 3518-3523. 3582-3587.

12. *Very extensive Operations of the Company:*

The Chartered Company has now about one-third the lighting power of the metropolis, *Newton* 100-103—Enormous demand on the eve of Christmas Day in each year; very extensive works necessitated thereby, *Chubb* 4681-4700. 4837, 4838.

Amount of gas delivered at each station of the Chartered Company on 22nd December 1874, this having been the greatest delivery in any day of the year; total of 26,180,000 cubic feet, *Field* 6871—Number of consumers over and under 200,000 feet, with the total and average rental of each class, *ib.* 6872—Greatest make of gas in one year at each of the stations now closed, *Ev.* p. 434.

13. *Particulars in connection with the Works at Beckton:*

Enormous works erected by the company at Beckton-on-the-Thames, *Newton* 52, 53—Necessity for the works at Beckton by reason of the increasing consumption, and not of amalgamation, *Stevenson* 3461-3464. 3565-3602.

Opinion that the works at Beckton are the finest in the world for the manufacture of gas, *Trewby* 6340, 6341—Enormous quantity of gas produced daily; arrangements being carried out for a large extension of supply, *ib.* 6356-6362—Capital expenditure of 11*s.* 4*d.* at Beckton for each 1,000 feet of gas sold, *ib.* 6359-6362. 6366-6368.

Gradual

CHARTERED GAS COMPANY (GAS LIGHT AND COKE COMPANY)—continued.**13. Particulars in connection with the Works at Beckton—continued.**

Gradual concentration of manufacture at Beckton, it being intended to discontinue production at Horseferry-road, as well as at Blackfriars, &c., *Trewby* 6369. 6430-6441—Examination to the effect that gas should be producible as economically at Beckton as at the works of any other company; question, however, as to there being yet a full demand for the coke, *ib.* 6370-6385. 6425-6429—Remunerative character of the outlay being incurred for increasing the production, *ib.* 6386-6392—Very long distance from Beckton to which the gas is conveyed, *ib.* 6442, 6443.

Possession of an area of 150 acres by the Chartered Company at Beckton, from forty to fifty acres of which are covered with works, *Evans* 6639. 6649-6651—Original construction of the works for the production of 10,000,000 feet of gas per day; great extension in the last three or four years, so that in 1876 the enlarged works will be capable of producing 26,000,000 feet daily, *ib.* 6639, 6640.

Value of the extended works at Beckton as enabling the company to discontinue manufacture at four stations in the heart of London, *Evans* 6640—Ample facilities of the company for supplying large quantities of gas to other metropolitan companies; considerable economy of capital expenditure thereby, *ib.* 6652-6661. 6693-6695—Profitable results anticipated from the outlay at Beckton; large sum already realised by the sale of the land at Blackfriars, *ib.* 6672-6683—Economical effects of concentration, so that the company will be enabled to supply more cheaply in future, *ib.* 6684-6695.

Transfer of all the manufacture at Beckton, with the exception of that at Westminster, *Field* 6794—Much more advantageous conduct of manufacture at Beckton than at the former stations of the company, *ib.* 7057.

14. Economical Conduct of the different Stations :

Separate accounts kept of the weekly working of each manufacturing station, every effort being made to ensure economy, *Trewby* 6362-6365.

15. Withdrawal of the Company from the Inquiry before the Committee :

Statement by counsel for the Chartered Company that the company had determined to take no further part in the discussion of the Bill, the preamble having been passed, p. 464.

See also Act of 1868. Amalgamation. Cannel, and Cannel Gas. Capital.
City of London. Coals, 5. 10. Coke, 5. Due Care and Management.
Equitable Gas Company. Higgs' Defalcations. Horseferry-road Station.
Illuminating Power. Marylebone. Revision. Sliding Scale. Testing.

Chubb, Harry. (Analysis of his Evidence.)—Experience of witness for several years as Secretary of the Imperial Gas Company, 4097-4099—Division of the board of directors into three committees for the conduct of business, the board meeting once a week for confirmation of the action of the committees, 4100-4107—Management of coal purchases by the committee of works, 4108—Estimate of from 430,000 to 440,000 tons as the consumption in 1875, the annual increase being from six to eight per cent., 4109, 4110.

System of public tender adopted for the last five or six years in purchasing coal; considerable competition for the supply, 4111-4118. 4123, 4124—Constant and careful analyses to which the coal is subjected, 4119-4122—Necessity of long contracts, considerably in advance of requirements, with stipulations for monthly deliveries, 4123-4130—Practice of filling the vaults for November in order to meet emergencies through frost, stoppage of steamboats, &c.; about three weeks' consumption held in the vaults, 4131-4135. 4272-4284.

Four manufacturing stations of the Imperial Company; namely, at Fulham, St. Pancras, Shoreditch, and Bromley; daily production at each station, 4139-4149—Provision being made at Bromley for meeting all future increase of supply, it being contemplated to have ultimately four retort-houses capable of producing 20,000,000 cubic feet per day, 4144. 4149-4155. 4219.

Information relative to the arrangements for the delivery of coal at each station, and the charge in each case for canal dues and lighterage; cost of 1*s.* 6*d.* per ton at St. Pancras and Shoreditch, of less than 1*s.* at Fulham, and of only 4*d.* at Bromley, where there are no canal dues, 4156-4190—Importance of dispatch in delivery, this being considered in the contract price, 4183-4188—Further charge of about 1½*d.* per ton at each station for distributing the coal in the several vaults, 4191-4194—Grounds for the calculation that on the score of canal dues and lighterage the South Metropolitan Company pay less by 1*s.* a ton than the Imperial Company, including railway coal and excluding the Bromley supply, 4194-4211.

Supply of about 80,000 tons a year obtained by the Imperial company by railway; necessity of this mode of supply at the St. Pancras Station, 4209. 4212, 4213—Importance attached to the works at St. Pancras, as being in the midst of a large demand

Chubb, Harry. (Analysis of his Evidence)—continued.

for gas and as supplying 6,000,000 feet daily; costly character of the works, 4214-4218—Production of about a chaldron of coke by each ton of coal, one-third of the coke being used as fuel, 4220. 4223-4228—Difference of $1\frac{1}{2}d.$ in each 1,000 feet of gas represented by a difference of 1 s. per ton in the price of coal, 4221, 4222.

Details relative to the course pursued by the company in disposing of coke, portion being sold locally and portion supplied by contract to large customers and manufacturers on the banks of the Thames and elsewhere, 4229-4254. 4290-4330—Practice of the company not to store coke, as causing deterioration and waste; exceptional instances of temporary storage through the absence of any demand, 4230-4235. 4302-4305. 4316-4323.

Utmost endeavours of the company to get as much as possible for their coke, 4245. 4301, 4309. 4327, 4328—Important reduction in the price of coke in 1874; great difficulty for a time in making any contracts, 4247-4254—Extent to which the price of coke follows the price of gas coal, the former however being affected by the price of house and steam coal, 4255-4258.

Explanation as to the Imperial Company making large coal contracts in the spring of each year, though the price may be high at the time; due consideration paid however to the question of price, and to the probable demand and other circumstances, 4259-4284—Difficulties of the company in November 1874 if they had not made large contracts in the spring, although the price was then high, 4264. 4269-4284—Beneficial result of the contract in 1866 for 720,000 tons, extending over a period of six years, 4265-4267—Frequent instances of stray cargoes being obtainable at less than the contract price for large supplies; advantage of small companies in this respect, 4268-4285—Diminution of gas coal by keeping, whilst it is also liable to spontaneous combustion, 4286-4289.

Explanation as to the better market of the South Metropolitan than of the Imperial Company for coke, and as to the much higher price obtained by the former company, 4290-4315. 4406, 4407—Tabular statement submitted, showing for the five years ended in 1873 the first cost of coal, the receipts for residuals, and the net cost of coal per 1,000 feet of gas, in the case respectively of the Imperial, the South Metropolitan, and the other companies generally, 4324—Result of the foregoing statement, that the South Metropolitan Company got $2\cdot36d.$ per 1,000 feet in excess of the Imperial Company upon residuals, and saved $2\cdot32d.$ per 1,000 feet upon the cost of coal, 4324-4340.

Return showing the working expenses of the several Metropolitan Companies during the years 1869-73, and comparing the South Metropolitan with the Imperial and all the other companies, 4341—Result of the foregoing return, that the South Metropolitan is in excess of the Imperial by $0\cdot22d.$ per 1,000 feet, and is lower than the average of the other companies by $0\cdot85d.$ per 1,000 feet, 4341. 4400, 4401—Numerous items included in the working expenses in this return, the cost of coal and the value of residuals being excluded, 4342-4345.

Examination as to the mode of dealing with depreciation of plant, or wear and tear, in the case of retorts, gas-holders, &c.; practice of charging renewals to revenue, only new works being carried to capital, 4346-4386—Explanation that a depreciation fund is not specially set aside in the accounts; statement hereon as to the Board of Trade auditor being satisfied with the course pursued and prescribing the form of the accounts, 4346 *et seq.*—Very rare instances of old mains being taken up; in such cases the new mains are charged to capital, 4390-4396.

Consideration of the character of the districts of the South Metropolitan and Imperial Companies, and of the density of population in each case, as affecting the relative working expenses; doubt as to the latter company having the better district, 4402-4405. 4408-4417.

Evidence in explanation and support of a calculation that according to Mr. Livesey's own figures it would cost the Imperial Company nearly 4 s. 1 d. per 1,000 feet for sixteen-candle gas, 4418-4430—Statement as to Mr. Livesey having said that his company could pay its full dividend by charging 3 s. for fourteen-candle gas, and that for 3 d. more this could be increased to sixteen candles, 4419-4424.

Enhanced ratio of capital expenditure by the Imperial Company through their having been compelled by Parliament to erect new works out of London, whilst the old works are not abandoned, 4431-4436—Larger capital of the South Metropolitan Company, but for an expenditure of 80,000 l. and upwards out of revenue on capital account, 4437-4443.

Explanation in connection with table showing the prices charged in the years 1869-74 by the companies under the revision clauses of the Acts of 1868-69, and by the companies under the Act of 1860; average of 3 s. 10 d. in the latter case, and of 3 s. 8 d. in the former, 4444-4447.

Report, 1875—continued.

Chubb, Harry. (Analysis of his Evidence)—continued.

Explanation of table showing for each of the London companies, for the years 1870-73, the surplus or deficiency of profits for the maximum dividend, 4448-4453.

Very full inquiry before the Revision Court as to the capital expenditure of the Imperial Company at Bromley, the Commissioners however deciding that they had no legal power to deal with the matter, 4454. 4479, 4480—Statement purporting to show that there was ample professional evidence available on the part of the local authorities in the revision inquiry, 4455-4474—Belief as to the searching character of the personal inquiry by the Commissioners into the works at Bromley, 4475-4478.

Advantage of the South Metropolitan Company in being able to buy coals from hand to mouth for its comparatively small consumption; obstacle to the Imperial Company adopting this course, 4481-4487—Further statement as to the extent of advantage also of the South Metropolitan over the Imperial Company on the score of canal dues and lighterage, 4488-4498—Reasons for the compulsory use of a large quantity of railway-borne coals at the St. Pancras Station, 4499-4504—Estimate of 100,000 *l.* as the amount represented in 1869-73, by the excess cost (at 1 *s.* per ton) of the coals of the Imperial Company as compared with the cost to the South Metropolitan Company; still further rate of saving of the latter company in 1874; 4505-4514.

Selection of those directors of the Imperial Company who serve on the works committee with reference to their general business knowledge; none of them are coal merchants, 4514-4518—Further reference to the circumstances under which a better price is obtained for coke by the South Metropolitan than by the Imperial Company, 4519-4524—Examination as to the grounds for witness' conclusion that Mr. Livesey calculated at 3 *s.* the price for which his company could supply 14-candle gas, with an additional 3 *d.* for two candles more, 4525-4535.

Consideration of witness' calculation that on the score of working expenses the South Metropolitan Company is not doing quite so well as the Imperial Company; inclusion of salaries, wages, manufacturing and purification charges, &c., under this head, these depending much on the managing engineer, 4536-4557—Further statement as to capital being credited with the receipts for old plant, whilst all new plant is debited to capital; practice as to charging the cost of old structures entirely to revenue, 4558-4567.

Examination to the effect that the Act of 1860 has doubtless been beneficial to the companies, the maximum dividends having been paid by the majority of them since that year, whilst this was not so in previous years, 4568-4590—Maximum dividends paid by witness' company since 1860, whilst it has also put by a reserve fund, 4575-4578. 4581-4584—Material increase of capital since 1860, involving a considerable bonus to the shareholders, 4585-4589.

Argument strongly opposed to the sliding scale in the present Bill, the companies far preferring a statutory dividend to an uncertain rate, though this might in some years be in excess of ten per cent., 4590-4604—Objection by the public to the ten per cent. dividends rather than to the price of gas, 4592-4594—Tendency of coals and labour to rise rather than fall in price, so that the cost of gas will more probably increase than decrease, 4604-4606—Prospect of saving on the other hand by the annually increasing consumption, the working expenses not increasing in proportion, 4605-4611.

[Second Examination.]—Prospect of more economical manufacture by the Imperial Company when the works at Bromley are fully developed, 4612-4617—Dissent, however, from Mr. Burke's opinion that gas will probably decrease in cost; this, in fact, mainly depends upon the price of coal and of labour, 4618-4621—Increased difficulty in the sale of coke accordingly as there is an increased supply through increased consumption of gas, 4621-4623—Statement as to the relative prices of coal and coke in the years 1869-73; increase in the relative price of the latter to that of the former, 4624-4644.

Statement to the effect that in 1869 a price of 3 *s.* 9 *d.* would have paid the full dividend of the Imperial Company, and would have left a surplus, 4645-4656—Limited deficiency in 1871 and 1872, the price for half of each year having been only 3 *s.* 8 *d.*; 4657, 4658—Surplus of 21,162 *l.* in 1874, at the price of 4 *s.* 8 *d.*; 4659-4664—Great variation in the annual increase of consumption; average of six per cent. for the last ten years, 4668-4680—Inaccuracy of the inference that the increase dropped to 2½ or 3 per cent. in 1874, because of the advanced price, 4670-4678.

Necessity of the works being sufficiently large to meet the demand on the day of largest demand in the year; that is, the day before Christmas Day, 4671. 4681-4700—Great difficulty in some years in meeting the demand on the 24th December; careful arrangements necessary, 4690-4700—Great variation between the maximum and minimum daily demand, 4701, 4702.

Evidence to the effect that under the revision clauses of the Act of 1868, not only is the dividend for the year to be made up, but also the reserve fund, a doubly enhanced price

Chubb, Harry. (Analysis of his Evidence)—continued.

price being thus entailed upon the consumers in the year of revision, 4703-4718—Reluctance of the companies to apply for revision until it is absolutely necessary, 4716-4719—Constant dread in which the companies are kept by reason of the agitation on the part of the Metropolitan Board, 4720-4724.

Apprehension of increased agitation on the part of the public if, under the proposed sliding scale, the companies were enabled to divide twelve per cent.; greater probability however of a reduction than an increase, 4725-4738—Cost of about 1,000 l. incurred by the Imperial Company in respect of the revision in 1874; 4739.

Explanation of the circumstances under which during a time of panic in 1866 share capital at ten per cent. was issued in substitution of loans to the amount of 260,000 l., at five per cent., which then fell due, and could not be renewed; extra charge of 13,000 l. a year thereby, 4740-4770. 4778—Statement as to the foregoing conversion of capital having been recited in the preamble of the Company's Bill of 1869, and as to this Bill having been opposed throughout by the Metropolitan Board, 4749. 4779-4799—Authority under the Companies Clauses Act for the conversion in question, 4761. 4767-4769.

Concurrence in the view that the issue of debenture stock would be desirable, 4764, 4765—Interest of from 4½ to 5 per cent. paid for loans on debenture; doubt as to the debentures being at a premium, 4771-4773—Advantage if loans could be raised, backed up by the guarantee of the Metropolitan Board, 4773-4777. 5002-5004.

Further reference to the larger cost of coal used by the Imperial than by the South Metropolitan Company, the former having however got their coal as cheaply as possible, 4800-4802—Calculation in further explanation of the relative amount of working expenses of the two companies, 4803-4811—Interposition of Parliament between the Metropolitan Board and the companies, or the dividends would not have been maintained, 4812-4816.

Witness further contends that under Clause 6 the dividends of his company would be more likely to be reduced below ten per cent. than increased above it; that is, in view of the probable advance in the price of coal and wages, 4817-4829—Very irregular increase of consumption in different years, 4830-4836—Due care and management on the part of the company in having works sufficiently large to provide for the largest day of demand in the year, 4837, 4838—Satisfaction generally of the consumers with the present supply, though invited by the Metropolitan Board to express any complaint, 4838, 4839.

Prohibition upon increased production at any of the stations of the company, except Bromley, whereas the advantages of this station on the score of coal delivery are counterbalanced by the disadvantages in the disposal of coke, 4840-4846—Competition between the works at Beckton and at Bromley in the disposal of coke, 4846-4849—Reduction of more than 40,000 l. in the reserve of the Imperial Company in order to make up the dividend in 1870 at the price of 3 s. 9 d.; 4850-4854.

Power of the company, under the Act of 1869, to ask for a revision of the scale of illuminating power, although there may be a full dividend and reserve, 4855-4858—Gain to the consumers by exhausting the reserve fund in lieu of increasing the price, this counterbalancing any loss in a subsequent year when the reserve is made up, 4859-4867.

Statement in further justification of the course pursued in converting 260,000 l. five per cent. loans into ten per cent. shares, 4868-4879—Necessary excess of sixteen candles in order to avoid penalties, if the Imperial Company were put up to the level of the Chartered Company; statement hereon as to the present difference between the illuminating power of the two companies, 4880-4889.

Further evidence as to the course pursued in dealing with old mains when new ones are put down and charged to capital; long period for which mains are available, 4890-4901—Steps taken to maintain the full value of the plant in the absence of a depreciation fund, 4902-4908—Opinion that for gasholders a depreciation fund is desirable; absence, however, of legal power to form such fund, 4908-4915—Practice of allowing in the accounts for wear and tear of retorts, one-fourth of the cost being charged in each year, 4916, 4917.

Power under the Gas Works Clauses Act of 1847 (incorporated in the Act of 1854) to accumulate a reserve fund, 4918—Very low price of gas coal at present (16th June), the net price, after allowing for residuals, being about 7 s. 6 d. per ton; facility at this price of supplying gas for 3 s. 9 d., and of paying full dividends with a large surplus over, 4919-4933—In 1870 and 1871 also the price of coal was very low, and admitted of profitable supply at 3 s. 9 d. per 1,000 feet, 4934-4936—Exceptional and temporary character of the rise in the price of tar, 4937, 4938.

Further statement that increased consumption involves considerable increase in the cost of management and of plant, though on the whole it doubtless adds to the profits,

Report, 1875—continued.

Chubb, Harry. (Analysis of his Evidence)—continued.

4939-4947—Very small item represented by the mere management expenses as compared with the excess that may arise in respect of coal and wages, 4944-4947.

Calculation that it would cost about 4s. per chaldron to deliver coke from Bromley in the district of the South Metropolitan Company, as against 1s. cost to the latter, 4948-4966—Belief as to the South Metropolitan Company selling all their coke at the works, the consumers carting it away, 4969. 4967—Witness repeats that every effort is made by the Imperial Company to dispose of their coke at the best price, 4966, 4967.

Summary of the loan capital of the company issued under different Acts, there being no further power of issue, 4968-4973—Last issue of new shares in 1873; doubt as to the price of the old shares having been enhanced in anticipation of allotment of the new shares, 4974-4979—Power sought to raise fresh capital to the amount of 1,300,000 l., to be issued in sections, 4980-4982—Belief that the price of the existing shares would not be perceptibly raised by a large allotment of new shares at seven per cent., 4983-4987. 4993, 4994. 5005-5014.

Practice of buying coals direct from the collieries; advantage thereof, 4988—Large amount of superfluous plant (save when the demand is large) in the case of gas companies than of railway or other companies, 4989-4992—Higher value of the shares in the market if it were not for the constant agitation against the companies; disadvantage thereby to the consumers, as capital is less beneficially placed, 4993, 4994—Large capital represented by the surplus land at Bromley; good policy, nevertheless, of this outlay, 4995, 4996.

Reluctance of witness to admit that there has been any extravagance in the rates at which capital has hitherto been raised, 4997-5000—Probability of the company being able to raise new capital at 4½ or 5 per cent. if they might do it by loan instead of by shares, 5000-5004—Fluctuation in the market value of the shares, irrespectively of new issues, 5007-5014—Conclusion as to the reserve fund being applicable only to contingent deficiencies in dividends, 5015.

City of London. Rejection of the Bill introduced by the Corporation of London in 1866 for establishing a competing supply in the City, *Newton* 19, 20—Illustration in the case of the City of London of the reduced price at which gas may be delivered profitably where there is a density of supply, *ib.* 863.

Dissatisfaction in the City with the Act of 1860, as having resulted in increased dividends to the companies without any consideration for the consumers, *Shaw* 872-875—Competing scheme promoted by the Corporation in 1866, in order to remedy the evils experienced under the Act of 1860, *ib.* 876, 877—General dissatisfaction throughout the City with the Act of 1868; hence the Bill now promoted, *ib.* 882. 885*. 979.

Explanation that in referring to the injurious effect of amalgamation in the City, witness has in view exclusively the case of the Great Central Company, *Shaw* 891. 987-991.

Grounds for the conclusion that the gas now supplied by the Chartered Company in the City is not so bright or good as that supplied by the former companies now amalgamated with the Chartered Company, *Shaw* 934-945. 950. 957—Instances of complaints in the City as to the quality of the supply by the Chartered Company; doubt as to any penalties having been enforced before the gas referees, *ib.* 955-966.

Inaccuracy of witness' impression that complaints had been brought before the referees as to the illuminating power in the City under the Act of 1868, *Shaw* 994, 995.

See also Act of 1868. *Chartered Gas Company.* *Great Central Gas Company.*

City of London Gas Act. See Act of 1868. *Chartered Gas Company, 2.*

COALS:

1. *Price in different Years; Effect as regards the Cost of Gas.*
2. *Probable Price in future Years.*
3. *Incidence of High Prices, the Burden falling upon the Consumers of Gas.*
4. *Contracts by the Gas Companies; Degree of Prudence with which effected.*
5. *Chartered Company.*
6. *Imperial Company.*
7. *London Company.*
8. *Phoenix Company.*
9. *South Metropolitan Company.*
10. *Comparative Prices paid by the South Metropolitan, and by the Chartered, Phoenix, Imperial, and other Companies.*

1. *Price in different Years; Effect as regards the Cost of Gas:*

Dissent from the conclusion that a rise in the price of coal necessarily adds to the cost of production; such rise may be covered by the increased price obtained for the coke and other residuals, *Newton* 524-545. 600-603—Large increase in the price of coal in 1872, and still more so in 1873, *Livesey* 1021-1023—Higher price of gas coal

COALS—continued.

1. *Price in different Years ; Effect as regards the Cost of Gas*—continued.

by 3 s. a ton at the present time than in 1869, *Livesey* 1175, 1176—Abnormal character of the years 1873 and 1874 as regards the excessive price of coal, *Stevenson* 3350, 3351, 3539, 3622.

Very low price of gas coal at present (16th June), the net price, after allowing for residuals, being about 7 s. 6 d. per ton ; facility, at this price, of supplying gas for 3 s. 9 d., and of paying full dividends, with a large surplus over, *Chubb* 4919-4933—In 1870 and 1871, also, the price of coal was very low, and admitted of profitable supply at 3 s. 9 d. per 1,000 feet, *ib.* 4934-4936.

Reference to certain evidence of witness in 1873 as to the uniformity in the price of gas coal for many years down to 1870, and as to the causes of the great increase of price subsequently to that year, *Sir G. Elliot* 6116-6121—Opinion as to the unfairness of tying down the London gas companies to a fixed price for gas in view of the fluctuating price of coal ; that is, unless a very good price were fixed for the former, *ib.* 6127, 6128.

Effect of increased wages in decreasing the production of coal, *Palmer* 6189—Important increase in the cost of production owing to the operation of the Mines Regulation Act, *ib.* 6192, 6202-6205.

2. *Probable Price in future Years :*

Great improbability of three or four successive years of such high prices as in 1873-74, *Stevenson* 3539, 3622—Tendency of coals and labour to rise rather than fall in price, so that the cost of gas will more probably increase than decrease, *Chubb* 4604-4606, 4618-4621.

Conclusion that the price will fluctuate in the future as it has done in the past, and will increase with a revival of the iron trade, *Sir G. Elliot* 6122-6128, 6136—Interference more especially with the price of gas coal by activity in the iron trade, *ib.* 6136, 6160-6164.

Great difficulty in predicting, for any length of time, what the price of coals may be ; improbability of any marked advance for the next few years on account of the depressed state of the iron trade, *Palmer* 6187-6195, 6200, 6201—Less direct or immediate effect upon the price of gas coal than of other coal by a revival of the iron trade, *ib.* 6200, 6201.

3. *Incidence of High Prices, the Burden falling upon the Consumers of Gas :*

Conclusion as to its being comparatively indifferent to the companies under the present law and the regulations in regard to revision, whether coal is cheap or dear ; exceptional position of the gas companies as manufacturers in this respect, *Newton* 137-139.

Argument that in prolonged periods of high prices of coal the loss should be shared between the gas manufacturers and the consumers if the former are not sufficiently protected by the proposed reserve fund, *Newton* 552-560, 603.

Payment, doubtless, by the consumers, in the long run, of the increased cost of coal as the basis of manufacture, *Burke* 3983-3985.

4. *Contracts by the Gas Companies ; Degree of Prudence with which effected :*

Improvident contracts of the companies at the time of the inquiry before the Revising Commissioners, when the price was calculated by the latter so as to return a dividend of ten per cent., *Newton* 543-551—Instance of improvident contract for coal, *Livesey* 1246-1248—Better opportunities of large than small buyers for obtaining coal cheaply, *ib.* 1452.

Very large consumption of coal by the Chartered and Imperial Companies as compared with that of the smaller companies ; question hereon whether the latter may not have facilities for buying coal more advantageously, *Gunn* 1842-1853—Frequent instances of stray cargoes being obtainable at less than the contract price for large supplies ; advantage of small companies in this respect, *Chubb* 4268, 4285, 4481-4487.

Large losses by witness on his coal contracts in 1872-74 ; refusal by him to enter into any contracts extending beyond the present year, *Sir G. Elliot* 6124-6126—Foolishness of the coalowners in making contracts with the gas companies ; opportunity otherwise for obtaining enhanced prices when coal is scarce, *ib.* 6129-6131—Instances of the very close bargains made by the gas companies, the acceptance or rejection of large contracts sometimes depending upon a difference of 1½ d. a ton, *ib.* 6132-6134, 6150-6155—Earnest efforts of the companies to beat down witness in price, so that they appear to be fully actuated by motives of careful and economical management, *ib.* 6150-6160.

Result of full inquiries by witness (as Revision Commissioner), that in purchases of coal the interest of the consumers had not been sufficiently considered, *Pattison* 7271, 7272.

5. *Chartered*

COALS—continued.

5. *Chartered Company:*

Use of some cannel by the Chartered Company, an enhanced price being, however, obtained for cannel gas, *Stevenson* 3153-3159.

Special facilities at Beckton for receiving and unloading coal, both by steamer and railway, *Treuby* 6342-6353—Excellent facilities at Beckton for unloading coal and for taking it on railway trucks into the retort houses, *Evans* 6639—Saving of 4s. a ton in coal as between the works at Beckton and at Westminster, *ib.* 6687-6692.

Table showing the comparative cost of common coal delivered into the retort houses at the several stations in 1874, *Field's Ev.*, p. 434.

Extra cost of 4s. 4d. per ton of coals at Westminster Station as compared with Beckton, the former, however, being used only in the depth of winter, *Field* 7054-7056.

6. *Imperial Company:*

Careful precautions taken by the Imperial Company in the purchase of coal, tenders being advertised for, and there being due competition for the supply, *Burke* 3694-3698—Necessity for making coal contracts for six months or so, on account of the magnitude of the company's manufacture, *ib.* 3699-3705—Practice of analysing new descriptions of coal before contracting for supplies; test applied also from time to time to coal under contract, *ib.* 3706-3708.

Immense consumption of coal by the company annually, the cost having been greatly enhanced by the high price in 1873-74, *Burke* 3856-3858. 3860—Very large competition for supplies to the company, coal being purchased as cheaply as possible, *ib.* 3988-3991—Conclusion that the system of contracting well in advance does not result in the company paying more on the average than other London companies, *ib.* 3992-3997—Increased charge for the delivery of coals at the Imperial Company's works on the River Lea as compared with the charge in the case of other companies, *ib.* 4053-4056.

Management of coal purchases by the committee of works, *Chubb* 4108—Estimate of from 430,000 tons to 440,000 tons as the consumption in 1875, the annual increase being from six to eight per cent., *ib.* 4109, 4110—System of public tender adopted for the last five or six years in purchasing coal; considerable competition for the supply, *ib.* 4111-4118. 4123, 4124—Constant and careful analysis to which the coal is subjected, *ib.* 4119-4122.

Necessity of long contracts, considerably in advance of requirements, with stipulations for monthly deliveries, *Chubb* 4123-4130—Practice of filling the vaults in November in order to meet emergencies through frost, stoppage of steamboats, &c.; about three weeks' consumption held in the vaults, *ib.* 4131-4135. 4272-4284.

Information relative to the arrangements for the delivery of coal at each station, and the charge in each case for canal dues and lighterage; cost of 1s. 6d. per ton at St. Pancras and Shoreditch, of less than 1s. at Fulham, and of only 4d. at Bromley, where there are no canal dues, *Chubb* 4156-4190—Importance of dispatch in delivery, this being considered in the contract price, *ib.* 4183-4188—Further charge of about 1½d. per ton at each station for distributing the coal in the several vaults, *ib.* 4191-4194.

Supply of about 80,000 tons a year obtained by the Imperial Company by railway; necessity of this mode of supply at the St. Pancras Station, *Chubb* 4209. 4212, 4213—Difference of 1½d. in each 1,000 feet of gas represented by a difference of 1s. per ton in the price of coal, *ib.* 4221, 4222.

Explanation as to the Imperial Company making large coal contracts in the spring of each year, though the price may be high at the time; due consideration paid, however, to the question of price and to the probable demand and other circumstances, *Chubb* 4259-4284—Difficulties of the company in November 1874 if they had not made large contracts in the spring, although the price was then high, *ib.* 4264. 4269-4284—Beneficial result of the contract in 1866 for 720,000 tons, extending over a period of six years, *ib.* 4265-4267—Diminution of gas coal by keeping, whilst it is also liable to spontaneous combustion, *ib.* 4286-4289—Reasons for the compulsory use of a large quantity of railway-borne coals at the St. Pancras Station, *ib.* 4499-4504.

Selection of those directors of the Imperial Company who serve on the works committee, with reference to their general business knowledge; none of them are coal merchants, *Chubb* 4514-4518—Practice of bringing coals direct from the collieries; advantage thereof, *ib.* 4988.

7. *London Company:*

Small increase in the cost of the London Company's coal, as compared with former years, *Hawkins* 5942-5944—Purchase of coal by the company at the cheapest possible rate; careful analysis as to quality, *Morton* 6221-6227.

COALS—continued.

8. *Phoenix Gas Company* :

Purchase of coal by the Phoenix Company direct from the colliery, generally by public tender; departure from the latter course in the present year, *Horner* 5328. 5334-5338—Very careful analysis and experiment before new kinds of coal are bought, *ib.* 5329-5333—Gross price paid for coal in each year since 1860, *ib.* 5339-5342.

Large contract made in 1870 over a period of three years; beneficial operation thereof, *Horner* 5343-5352—Short contracts made when coals are dear, *ib.* 5351.

9. *South Metropolitan Company* :

Information relative to the comparative prices paid by the South Metropolitan Company for coal, and received for coke, in different years, *Livesey* 1184-1198. 1205-1222—Approval of the system of employing one responsible officer for the purchase of coal, rather than of purchasing through a committee of directors; sole action of witness for his company in the matter, *ib.* 1405-1420.

Policy of witness' company not to make large contracts in advance for coal, so that in 1873 they paid a higher price than companies with long standing contracts; advantage on the other hand in 1874 through not having contracts, *Livesey* 1461-1468.

10. *Comparative Prices paid by the South Metropolitan, and by the Chartered, Phoenix, Imperial, and other Companies* :

Relative cost of coal used by the Chartered and South Metropolitan Companies; advantage in the latter case, *Stevenson* 3153-3159.

Grounds for the calculation that on the score of canal dues and lighterage, the South Metropolitan Company pays less, by 1 s. a ton, than the Imperial Company, including railway coal, and excluding the Bromley supply, *Chubb* 4194-4211.

Advantage of the South Metropolitan Company in being able to buy coals from hand to mouth for its comparatively small consumption; obstacle to the Imperial Company adopting this course, *Chubb* 4268. 4285. 4481-4487.

Tabular statement submitted, showing for the five years ended in 1873 the first cost of coal, the receipts for residuals, and the net cost of coal per 1,000 feet of gas in the case respectively of the Imperial, the South Metropolitan, and the other companies generally, *Chubb* 4324—Result of the foregoing statement that the South Metropolitan Company got 2'36 d. per 1,000 feet in excess of the Imperial Company upon residuals, and saved 2'32 d. per 1,000 feet upon the cost of coal, *ib.* 4324-4340.

Further statement as to the extent of advantage also of the South Metropolitan over the Imperial Company on the score of canal dues and lighterage, *Chubb* 4488-4498—Estimate of 100,000 l. as the amount represented in 1869-73 by the excess cost at 1 s. per ton of the coals of the Imperial Company, as compared with the cost to the South Metropolitan Company; still further rate of saving of the latter company in 1874, *ib.* 4505-4514.

Further reference to the larger cost of coal used by the Imperial than by the South Metropolitan Company, the former having, however, got their coal as cheaply as possible, *Chubb* 4800-4802.

Doubt as to the Phoenix Company having any special facilities in the landing of coals as compared with the South Metropolitan; exemption of the former from any canal dues, *Horner* 5449-5465.

Evidence, together with tabular return, showing the first cost of coal, the residual products, and the net cost per ton of coals, of the Phoenix Company as against the South Metropolitan for the several years 1869-73, *Woodall* (p. 360) 5661-5664.

See also *Cannel, &c.*

COKE :

1. *Fluctuation of Price.*
2. *Production.*
3. *Storage.*
4. *Cannel Coke.*
5. *Chartered Company.*
6. *Imperial Company.*
7. *London Company.*
8. *Phoenix Company.*
9. *South Metropolitan Company.*

1. *Fluctuation of Price* :

Rise and fall in the price of coke, very much with reference to the price of coal, *Livesey* 1184-1198. 1205-1222. 1421-1423—Important reduction in the price of coke in 1874; great difficulty for a time in making any contracts, *Chubb* 4247-4254—Extent to which the price of coke follows the price of gas coal, the former, however, being affected by the price of house and steam coal, *ib.* 4255-4258—Increased difficulty

COKE—continued.

1. *Fluctuation of Price*—continued.

culty in the sale of coke accordingly as there is an increased supply through increased consumption of gas, *Chubb* 4621-4623—Information relative to the proportion between the cost of coal and the value of coke in each year since 1869; increased proportionate value of the latter, *Field* 7031-7044.

2. *Production*:

Production of about a chaldron of coke by each ton of coal, about one-third of the coke being used as fuel in the manufacture of gas, *Livesay* 1198. 1201; *Chubb* 4220. 4223-4228.

3. *Storage*:

Bad policy in storing coke, *Livesay* 1223-1225—Practice of the Imperial Company not to store coke, as causing deterioration and waste; exceptional instances of temporary storage through the absence of any demand, *Chubb* 4230-4235. 4302-4305. 4316-4323.

4. *Cannel Coke*:

Valueless character of some of the coke from cannel coal, *Field* 6773.

5. *Chartered Company*:

Character of the facilities at Beckton for sending away the coke in barges, *Trewby* 6354, 6355—Difficulties in disposing advantageously of the coke at Beckton, *Field* 6774-6776.

6. *Imperial Company*:

Details relative to the course pursued by the company in disposing of coke, portion being sold locally, and portion supplied by contract to large customers and manufacturers on the banks of the Thames and elsewhere, *Chubb* 4229-4254. 4290. 4330—Explanation that save on exceptional occasions the company does not store coke, *ib.* 4230-4235. 4302-4305. 4316-4323—Utmost endeavours of the company to get as much as possible for their coke, *ib.* 4245. 4301. 4309. 4327, 4328—Circumstances under which a better price is obtained for coke by the South Metropolitan than by the Imperial Company, *ib.* 4290-4315. 4406, 4407. 4519-4524.

Calculation that it would cost about 4s. per chaldron to deliver coke from Bromley in the district of the South Metropolitan Company, as against 1s. cost to the latter, *Chubb* 4948-4966—Witness repeats that every effort is made by the Imperial Company to dispose of their coke at the best price, *ib.* 4966, 4967—Preparation by witness of an account showing the coke sales per ton of coals for the years 1867-74; *Kirkham* 5044-5049—Net amount realised for coke on every ton of coal carbonised at each of the stations of the Imperial Company; also the average amount of the whole of the stations for each of the years 1867-74; p. 369.

7. *London Company*:

Practice of the London Company to sell some of the coke at the works at Nine Elms, and to send away a large portion in barges, *Morton* 6227*-6235.

8. *Phoenix Company*:

Practice of the Phoenix Company to send some of the coke from the works in barges, under contract to cement makers, whilst the remainder is sold on the spot; every step is taken to obtain the best possible price, *Horner* 5315-5327—Failure of endeavours in 1873 to get as good a price as the South Metropolitan Company, *ib.* 5326.

Utmost endeavours used by the Phoenix Company to obtain the best possible price for coke, *Woodall* 5650, 5651—Evidence (together with Table) explanatory of the lower price obtained for coke by the Phoenix than by the London or South Metropolitan Companies, *ib.* 5714-5718 (p. 360)—Circumstance of the Phoenix Company selling 10 per cent. more coke for each ton of coals than the South Metropolitan Company, *ib.* 5718, 5719.

9. *South Metropolitan Company*:

Comparison of the relative prices paid for coal and received for coke by the South Metropolitan Company in different years; considerable extent to which an increase in the cost of coal is recouped by the increased value of coke, *Livesey* 1184-1198. 1205-1222—Use of about 30 per cent. of the coke for carbonising the coal, *ib.* 1198. 1201.

Explanation as to the better market of the South Metropolitan than of the Imperial Company for coke, and as to the much higher price obtained by the former company, *Chubb* 4290-4315. 4406, 4407. 4519-4524—Belief as to the South Metropolitan Company selling all their coke at the works, the consumers carting it away, *ib.* 4950. 4957.

Advantage obtained by the South Metropolitan as compared with the Phoenix Company in the sale of coke; Table in illustration (p. 360), *Woodall* 5714-5718.

Commercial Gas Company. Perfectly satisfactory manner in which the Commercial Company have carried out the provisions of the Act of 1860 in regard to price, &c., *Newton* 808-813—The City has nothing to do with the Commercial Company, *Shaw* 987-991. 997.

Table showing the price charged and the illuminating power supplied by the company in each of the years 1869-73, *Gunn* 1716.

Statement of the price charged by the company in each of the years 1869-74, *Chubb* 4444—Tabular statement, showing the surplus or deficiency of profits for the maximum dividend in each of the years 1870-73, *Chubb's Ev.*, p. 295.

Competing Bill (Metropolitan Board). Grounds for the statement that the Competing Bill of the Metropolitan Board was ridiculous in character, *Burke* 3903. 3920, 3921.

Competition. Important advantage to the companies by the abolition of competition since the Act of 1860, *Newton* 253-266—Limited competition in force down to the year 1857, but not to the prejudice of the Imperial Company, which paid 10 per cent, *Burke* 3736-3746.

The companies generally are actuated by a salutary competition to produce and supply gas as cheaply as possible, *Hawkins* 5800-5807—Incentive to economy, inasmuch as some companies are supplying more cheaply than others, *ib.* 5834-5836—Approval of some regulations and restrictions, as under the Act of 1860, rather than of the companies being entirely unfettered and open to competition, *ib.* 6091-6094.

Consumers (Public Complaints). Any complaints by the public come generally through the local inspectors, *Burke* 3718—Feeling of consumers that the dividends, rather than the price of gas, are too high, *Chubb* 4592-4594; *Woodall* 5772—Satisfaction generally of the consumers with the present supply of the Chartered Company, though invited by the Metropolitan Board to express any complaint, *Chubb* 4838, 4839.

Argument that the consumer is benefited not only in price, but in quality, since the Act of 1860, the companies being benefited by the better dividends, *Horner* 5567-5576—Absence of public dissatisfaction in the Phoenix Company's district, *Woodall* 5775-5778—Question considered whether the consumers have been really benefited, as well as the shareholders, by the Act of 1860, *Hawkins* 6078-6090.

Paucity of complaint in Marylebone as to the gas of the Imperial Company or of the Chartered Company, *Whitmore* 6497-6503. 6543-6546—Occasional complaints by consumers as to the quality of the gas, whereas the fault really lies with the burners and fittings, *ib.* 6516-6523.

See also *Amalgamation.* *Burners.* *Coals.* *Coke.* *Price.* *Sliding Scale.*

Consumption or Supply. Enormous increase of consumption adverted to as enabling the companies to produce and supply more cheaply, *Newton* 184-186—Witness submits a return of the quantity of gas in thousands sold by each company in the several years 1869-74, together with the amount in pounds of 1 d. per 1,000 feet produced by each company, *Gunn* 1546.

Statement that increased consumption involves considerable increase in the cost of management and of plant, though on the whole it doubtless adds to the profits, *Chubb* 4605-4607. 4939-4947—Great variation in the annual increase of consumption in the case of the Imperial Company; average of 6 per cent. for the last ten years, *ib.* 4668-4680—Inaccuracy of the inference that the increase dropped to 2½ or 3 per cent. in 1874 because of the advanced price, *ib.* 4670-4678.

Necessity of the Chartered Company's works being sufficiently large to meet the demand on the day of largest demand in the year, that is, the day before Christmas Day, *Chubb* 4681-4700. 4837, 4838—Great difficulty in some years in meeting the demand on the 24th December; careful arrangements necessary, *ib.* 4690-4700—Great variation between the maximum and minimum daily demand, *ib.* 4701, 4702—Very irregular increase of consumption in different years, *ib.* 4830-4836.

Increased consumption of gas adverted to as the main cause of the decreased proportion between capital of every 1,000 feet of gas sold; prospect of some further diminution on this score, *Woodall* 5690-5698. 5738-5740.

See also *Capital.*

Cost of Production. Prospect of saving by the annually increasing consumption, the working expenses not increasing in proportion, *Newton* 184-186; *Chubb* 4605-4611. 4939-4947—Opportunities for reduction in the cost of supply, not only by improvements in manufacture and by increased value of residuals, but by the density of the supply, *Newton* 862, 863.

Several elements by which the cost of production is determined, it being unexpedient to authorise any interference in the manufacture or management by an outside body, *Livesey* 1036-1044—Witness cannot see why the Chartered and Imperial Companies could

Report, 1875—continued.

Cost of Production—continued.

could not have made gas as cheaply as his company in 1873 and 1874, *Livesey* 1446-1452.

Inability of witness to account for the much smaller cost of production of the South Metropolitan than of the Chartered Company, *Stevenson* 3650, 3651—Importance of thoroughly good management, rather than of the difference in the price of coal, as affecting the cost of production, *ib.* 3656-3658.

Equally cheap manufacture by the Imperial as by other companies, all known improvements being adopted, *Burke* 3998, 3999—Prospect of cheaper production in course of time, *ib.* 4092.

Dissent from Mr. Burke's opinion that gas will probably decrease in cost; this, in fact, mainly depends upon the price of coal and of labour, *Chubb* 4604-4608. 4618-4621—Probable recurrence of periods when the cost of production must greatly increase; unfairness at such times of the sliding scale in the present Bill, *Woodall* 5772.

Opinion that economy in production is the more likely to result if the companies are unfettered, and that the Act of 1860 is far better on this score than the costly arrangements as to revision under the Acts of 1868 and 1869, *Hawkins* 5852-5856.

Decrease in the price of gas since 1847, whilst the price of gas coal has not varied much; doubt as to there being room for much further reduction in price by improvement in manufacture, *Sir G. Elliot* 6165-6178.

Obstacle to any satisfactory comparison between the Chartered Company and other London companies as to the cost of manufacture, on account of the supply by the former of both cannel and common gas, *Field* 6770-6773.

Conclusion that self-interest has not been brought sufficiently into play as regards economy in manufacture, *Pattison* 7268-7272.

See also *Coals. Coke. Consumption. Leakage. Prices. Tar and Ammoniacal Liquor. Wages.*

Costs (Parliamentary Inquiry). Estimated expense of not more than 3,000 l. in connection with the Purchase Bill and Works Bill promoted and withdrawn by the Metropolitan Board, *Newton* 790-796—Enhanced price necessary for gas owing to the costs of the present inquiry, *Hawkins* 6023-6027.

D.

Debenture Stock. Concurrence in the view that the issues of debenture stock by the companies would be desirable, *Chubb* 4764, 4765.

See also *Capital.*

Depreciation (Wear and Tear). See *Accounts. Gasholders. Retorts. Wear and Tear.*

Distribution Expenses. Opinion that as regards expense of distribution the Imperial and Chartered Companies should work as cheaply as the South Metropolitan, *Livesey* 1446-1449.

Districing Arrangement. Understanding between the companies previously to 1860 as to the area or district to be served by each; legal assignment of districts by the Act of that year, *Newton* 224, 225. 232-235. 239-243—Practical monopoly secured to the companies under the distributing arrangement, *ib.* 314-325—There are six companies under the Act of 1860, information as to the district of each, *Keates* 2287. 2292-2295.

Voluntary agreement between the companies in 1857 as to separate districts, *Burke* 3751—Immense economy of supply under the districing arrangement, *Horner* 5288-5296—Examination as to the dividends of the Phoenix Company in relation to the price of coals since 1860 and previously to that year; conclusion that the improved dividends are owing to the districing arrangement and not to any saving in the cost of coals, *ib.* 5406-5448. 5465-5467—Lower prices in conjunction with increasing dividends since the districing arrangement, so that the public have been benefited as well as the company, *ib.* 5465-5471.

Great advantage of the districing arrangements in the case of the London Gas Company, *Hawkins* 5910-5918. 6040-6050.

See also *Act of 1860. Monopoly.*

DIVIDENDS (DIVIDEND DEFICIENCY FUND):

Clause in the general Act of 1847 limiting the dividend; incorporation of this Act with the Acts of 1854 and 1868; *Newton* 12, 13. 24; *Burke* 3729-3735. 3747-3756.

DIVIDENDS (DIVIDEND DEFICIENCY FUND)—continued.

Evidence in explanation and support of certain manuscript clauses providing for the creation of a dividend deficiency fund when prices are low so as to prevent sudden diminution of dividend or increase of price, *Newton* 191-201. 400-418—Addition of the manuscript clauses in order to meet objections raised on the part of Government to the sixth clause, *ib.* 192-196.

Further evidence as to the introduction of the provision for a reserve fund in connection with the sliding scale arrangement, and as to the extent of approval thereof on the part of the Board of Trade, *Newton* 419-426.

Consideration of the actual effect of Clauses 48 A. and 48 B. relative to the dividend deficiency fund, in conjunction with Clause 6, relative to the sliding scale; admission that the former do not provide for a dividend of 10 per cent. being always paid, *Newton* 569-582.

Reference to the Regulation Bill of the Metropolitan Board as proposing a 5 per cent. dividend deficiency fund in lieu of a 10 per cent. reserve fund as at present; willingness of the Board to re-consider the question as to the annual per-centage to be appropriated, *Newton* 814-818. 837-839.

Information relative to the total share capital and the amounts at different rates of dividend, *Gunn* 1547-1560.—Explanation that under the proposed sliding scale back dividends are not to be allowed; object of a dividend deficiency fund to supply deficiencies of the current year, *ib.* 2030-2042.—Statement that any disallowance of dividend in respect of excessive outlay should fall upon the shareholders generally, *ib.* 2182-2187.

Grounds for the conclusion that the proposed reserve or dividend deficiency fund will secure the companies in their maximum dividend, *Stevenson* 3321-3341—Advantage of surplus profits being carried to a dividend deficiency fund rather than to a reserve, *ib.* 3334, 3335—Necessary diminution of dividends when coals were so dear, but for the revision clauses; statement hereon as to many of the provincial companies having been obliged to reduce their dividends, *ib.* 3362, 3363.

Opinion that 10 per cent. is not a bit too much for the original shareholder, though it is far too much when the trade is removed from all contingencies or risk, *Stevenson* 3563-3570—Intention under the proposed supplementary clauses that the dividend deficiency fund may be used before it reaches 5 per cent. of the capital, *ib.* 3660-3662.

Opinion of the Committee adverse to the proposal for a deficiency dividend fund, as a means of removing objections to the sixth clause of the Bill, *p.* 239.

Feeling of Parliament in 1860 as to the unfairness of a proposal to reduce the maximum dividend to 8 per cent., *Burke* 3876-3879—Circumstance of the Chartered and South Metropolitan Companies having had 10 per cent. allowed on their new capital; doubt what provincial companies have got, *ib.* 3955-3959—Consideration by Parliament of both the public and the companies in sanctioning the creation of capital at different rates in London and in the provinces, *ib.* 4028, 4029.

Renewed agitation anticipated if the companies paid more than 10 per cent. under a sliding scale, *Chubb* 4725-4727; *Woodall* 5772; *Hawkins* 5862-5864.

See also Act of 1860. Back Dividends. Capital. Chartered Gas Company, 3.
Due Care and Management. Guarantee (Maximum Dividends). London Gas
Company. Phoenix Gas Company. Price. Reserve Fund. Revision.
Sliding Scale. South Metropolitan Gas Company.

Due Care and Management. Argument that the dividend of 10 per cent. on capital raised under the Acts of 1868 and 1869 is only guaranteed upon condition of the exercise of due care and management, *Newton* 12-14. 24. 490-492. 583-585—Opinion that if the proposed sliding scale be adopted it will be unnecessary to inquire into the question of due care and management, *ib.* 729.

Evidence in support of the conclusion that there are not proper facilities for inquiry into the question of due care and management, and for proving bad management, *Livesey* 1029-1034. 1303-1357. 1453-1460. 1483-1495—The phrase "due care and management," as carried out by the revision clauses is a perfect myth, *ib.* 1032.

Absence of security for due care and management by the Chartered Company when a sum of about 30,000 L. is allowed for insurance, whilst the company is not bound to allocate it, *Gunn* 1638-1652—Indirect way in which the provision as regards insurance, interferes with the principle of due care and management laid down by the Act of 1868, *ib.* 1979-1998. 2006-2029—Reference to the exceptionally high prices of the Chartered and Imperial Companies under the revision as an indication, to some extent, of want of due care and management, *ib.* 2025-2028—Interference by the present Bill with the rights of existing shareholders in so far as it will prevent their receiving 10 per cent. unless there be due care and management, *ib.* 2188-2205.

Due care and management on the part of the Chartered Company in having works sufficiently

Due Care and Management—continued.

sufficiently large to provide for the largest day of demand in the year, *Chubb* 4837, 4838 —Due care and management exercised in every respect by the Phoenix Company, *Horner* 5311-5814.

Interpretation of the provision in the City of London Gas Act as to the companies earning a dividend of 10 per cent. "if they had been conducting their business with due care and management"; force given to this power in the case of improvident contracts still running during the year of revision, *Reilly* 7128-7137.

Opinion as regards the question of due care and management, that it would not be safe to interpret the Act of 1868 by reference to the report of the Committee of 1867, *Reilly* 7238 —Concurrence in certain evidence of Mr. Livesey as to the practical difficulties in the way of a satisfactory inquiry into the question of due care and management, *ib.* 7239-7242.

See also *Coals*, *Coke*.

E.

Elliot, Sir George (Member of the House). (Analysis of his Evidence.)—Large experience and interests of witness as a coalowner and mining engineer, 6114, 6115. 6140 —Reference to certain evidence of witness in 1873, as to the uniformity in the price of gas coal for many years down to 1870, and as to the causes of the great increase of price subsequently to that year, 6116-6121 —Conclusion that the price will fluctuate in the future, and will increase with a revival of the iron trade, 6122-6128. 6136 —Large losses by witness on his coal contracts in 1872-74; refusal by him to enter into any contracts extending beyond the present year, 6124-6126.

Opinion as to the unfairness of tying down the London gas companies to a fixed price for gas, in view of the fluctuating price of coal; that is, unless a very good price were fixed for the former, 6127, 6128 —Foolishness of the coalowners in making contracts with the gas companies; opportunity otherwise for obtaining enhanced prices when coal is scarce, 6129-6131 —Instances of the very close bargains made by the companies, the acceptance or rejection of large contracts sometimes depending upon a difference of $1\frac{1}{2}$ d. a ton, 6132-6134. 6150-6155.

Argument that the proposed sliding scale in the Bill before the Committee would be a very bad bargain for the companies and the shareholders, 6135-6138 —Data for the conclusion that the sliding scale, at an initial price of 3 s. 9 d., would be much more likely to result in a decrease than an increase of dividends, 6136 —Very limited supply of cannel coal so that it is not desirable to stipulate for an increase of illuminating power, 6139-6141.

Nature of the claim of the companies to be secured a dividend of 10 per cent. upon their original capital, 6144, 6145 —Impression as to the adequacy of the provisions in regard to investigation and revision of prices as a check upon any laxity in the companies when secured a 10 per cent. dividend, 6146-6149 —Earnest efforts of the companies to beat down witness in price, so that they appear to be fully actuated by motives of careful and economical management, 6150-6160.

Further grounds assigned for the conclusion that gas coal is very likely to advance in price, by reason more especially of the demands of the iron trade, 6161-6164 —Decrease in the price of gas since 1847, whilst the price of gas coal has not varied much; doubt as to there being room for much further reduction in price by improvement in manufacture, 6165-6178.

Doubt as to the shareholders having much to fear on the score of invention of a new lighting power, 6179 —Further objection to the proposed sliding scale, more especially if applied yearly, instead of an average being taken, 6180, 6181 —Different course which may be desirable as regards the dividends on new capital, witness' objections to a sliding scale having reference to its application to vested interests, 6182-6184.

Engineers and Managers (Gas Companies). Economical motives as to capital and price by which some, but not all, gas engineers and managers are actuated, *Livesey* 1533, 1534.

Equitable Gas Company. Advantage of the absorption of the Equitable Company by the Chartered Company in 1871, in keeping up the dividend of the latter, *Field* 6898, 6899 —Very large dividends paid by the Equitable Company from 1861 to 1865, under the power as to back dividends, *ib.* 6919-6922.

Evans, Frederick John. (Analysis of his Evidence.)—Is a Civil Engineer, and is a Director of the Chartered Gas Company; was formerly engineer in chief to the Company, 6628-6634. 6638. 6731 —Was one of the gas referees under the Act of 1868; resigned the position in June 1870, though invited by the Board of Trade on several occasions to 281.

Evans, Frederick John. (Analysis of his Evidence)—continued.

continue as referee, 6629-6633—Considers that the Act of 1868 has worked well for the protection of the consumers, 6635-6637.

Possession of an area of 150 acres by the Chartered Company at Beckton, from forty to fifty acres of which are covered with works, 6639. 6649-6651—Original construction of the works for the production of 10,000,000 feet of gas per day; great extension in the last three or four years, so that in 1876 the enlarged works will be capable of producing 26,000,000 feet daily, 6639, 6640—Excellent facilities for unloading coal and for taking it on railway trucks into the retort houses, 6639.

Value of the extended works at Beckton as enabling the company to discontinue manufacture at four stations in the heart of London, 6640—Considerable expense incurred in purifying the gas by means of lime; obligation upon the company to supply gas with five grains less sulphur than is supplied by other companies, 6641-6647—Ample facilities of the company for supplying large quantities of gas to other metropolitan companies; considerable economy of capital expenditure thereby, 6652-6661. 6693-6695.

Considerable saving on the score of leakage owing to the amalgamations effected and the consequent reduction of mains, 6662-6666. 6697-6701—Very little room for further reduction of leakage, 6667—Increased leakage of the Chartered Company in some districts owing to the double set of mains for cannel and common gas, 6668-6671. 6702-6706.

Profitable results anticipated from the outlay at Beckton; large sum already realised by the sale of the land at Blackfriars, 6672-6683—Economical effects of concentration at Beckton, so that the company will be enabled to supply more cheaply in future, 6684-6695—Saving of 4 s. a ton in coal as between the works at Beckton and at Westminster, 6687-6692.

Statement to the effect that in order to supply 16-candle gas, the Chartered Company use 6 per cent. of cannel, whilst the Imperial Company use only 3 per cent.; smaller illuminating power in the case of the latter company, 6707-6719. 6725-6730—Very small additional cost per 1,000 feet by using 3 per cent. of cannel, 6720-6724—Use of Wigan cannel by the Imperial Company and of Hucknell cannel by the Chartered Company, 6726-6728.

Large proportion of working expenses of the Chartered Company by reason of the increased use of cannel, 6732-6735—Higher average of wages than for the companies generally, 6736—Satisfaction given by the change from cannel to common gas in the case of the Western Company; opinion that 16-candle gas is quite sufficient, 6737-6741—Similar quality of gas supplied to street lamps as to consumers generally, 6742-6745—Very few complaints from consumers on the score of meters being out of order, 6746-6749.

Expenditure. See *Accounts.* *Capital.* *Chartered Gas Company.* *Coals.* *Coke.* *Cost of Production.* *Distribution Expenses.* *Due Care and Management.* *Engineers and Managers.* *Imperial Gas Company.* *Revision.* *South Metropolitan Gas Company.* *Wages.* *Working Expenses.*

F.

Field, John William. (Analysis of his Evidence).—Is Accountant for the Chartered Gas Company; prepared the accounts for the revision of 1874; 6750-6753—Facility in preparing the requisite information for the revision, 6754-6756—Special inquiry by the Revising Commissioners in 1873 and 1874 into the subject of unaccounted-for gas, 6757-6759—Large reduction in the loss by leakage owing to improved arrangements in 1873 and 1874; 6760-6762—Large increase of gas sold per ton of coal in 1874 as compared with 1873; considerable saving of coal thereby, 6763, 6764.

Statement that but for the revision the dividend upon the ordinary shares of the Chartered Company in 1873 would have been less than 3 per cent., whilst in 1844 there would have been no dividend, and the interest on the debenture debt would not have been paid in full, 6765-6767—Altered form in which the accounts of the company are kept, in accordance with the recommendations of the Revision Commissioners, 6768, 6769.

Obstacle to any satisfactory comparison between the Chartered Company and other London Companies as to the cost of manufacture, on account of the supply by the former of both cannel and common gas, 6770-6773—Valueless character of some of the coke from cannel coal, 6773—Difficulties in disposing advantageously of the coke at Beckton, 6774-6776—Saving at Beckton, as compared with other stations, in respect of the cost of lighterage and cartage, and of wages, 6777. 6780, 6781—Increased cost at Beckton by the use of the lime process for the removal of sulphur impurities, 6778, 6779.

Statement showing how the capital of the company has been raised under different Acts; aggregate of 5,213,500 l. as the total capital powers, including those of the amalgamated companies, 6784-6790. 6794—Power first obtained in 1868 to raise loan

Field, John William. (Analysis of his Evidence)—continued.

capital, as well as share capital; amount of borrowing power in that year and subsequently, 6787. 6793. 6819-6825—Large increase of share capital and loan capital by the amalgamations under the Acts of 1868 and 1871; 6787-6789—Power of further amalgamation without special Acts for the purpose, 6791, 6792.

Transfer of all the manufacture to Beckton, with the exception of that at Westminster, 6794—Great waste of capital formerly by reason of the keen competition in the City, 6795—Necessity of buying a great deal of land for laying the main to Beckton, 6796—Total of 3,963,500 *l.* as the capital actually raised and expended up to 31st December 1874; proportion of this at 10 per cent. and proportion raised in debentures, 6789-6805.

Issue of 500,000 *l.* share capital since 31st December last, the balance unissued being a further sum of 500,000 *l.* in shares, and 250,000 *l.* in debentures, 6806-6810. 6823-6825—Exhaustion of borrowing powers when the sum of 250,000 *l.* is raised; refusal of similar borrowing powers to the Chartered as to other companies, 6811-6813. 6819-6825—Market price of the different shares or stocks, 6814-6818.

Tabular statement of share and loan capital, showing the amounts at different rates of interest, and the different periods at which raised, *Ev. p.* 426—Table showing the capital raised in each year from December 1861 to December 1874, and the rates at which raised, *ib.* 427—Particulars of capital unproductive for different reasons; total of 650,000 *l.*, *ib.*—Statement of the amounts of share and loan capital, respectively, obtained under the several Acts or amalgamations, *ib.* 428.

Failure of an application to Parliament in the present Session to raise money by debenture stock without new share capital, 6830, 6831—Average of 7.79 per cent. as the rate of interest in 1874 upon the whole share and loan capital of the company, 6832. 6910-6912—Large expenditure out of profits upon the permanent plant of the company on capital account previously to 1868; 6833-6845. 6857—Practice since 1868 of charging new gas-holders and retorts to capital, all renewals being charged to revenue, 6845-6850—Special form of wear and tear account adopted by the Imperial Company as regards retorts, 6851—Reduction of capital by the amount received for Blackfriars works and other works or stations, 6852-6856.

Statement of the yearly dividends paid by the Chartered Company since 1860; the amount in 1868 was only 5½ per cent., 6858-6861—Prices charged in each year since 1860 for gas of different illuminating power, *Ev. p.* 431—Large use of cannel in 1868 adverted to as one of the reasons of reduced dividend in that year, 6862—Commencement of the insurance fund on the amalgamation with the Equitable Company in 1871, the latter having brought over an undivided profit of 29,776 *l.*; statement handed in showing the subsequent increment of the fund, 6863-6869, and *Ev. p.* 432.

Statement showing what the price charged by each company would have been in 1874, if 16-candle gas had been supplied; reference hereon to the City of London Gas Act, as showing that each candle may be taken to represent 2½ *d.* in price, 6870. 6906-6909. 6924-6937—Amount of gas delivered at each station of the Chartered Company on 22nd December 1874, this having been the greatest delivery in any day of the year; total of 26,180,000 cubic feet, 6871—Number of consumers over and under 200,000 feet, with the total and average rental of each class, 6872—Table showing the comparative cost of common coal delivered into the retort-houses at the several stations in 1874, *Ev. p.* 434—Greatest make of gas in one year at each of the stations now closed, *ib.*

Payment of 11½ per cent. in 1864 under the Act of 1860, which permitted back dividends; particulars hereon as to the total back dividends paid before 1868; 6875-6888. 6914, 6915—Reference to the dividends in the years 1866 to 1870, as showing that there is no guarantee of a 10 per cent. dividend, 6889-6892—Price and illuminating power in the years 1866 to 1870, as affecting the rate of dividend, 6893-6897—Advantage of the absorption of the Equitable Company in 1871, in keeping up the dividend, 6898, 6899—Inability to pay back dividends since the Act of 1868; 6900.

Circumstance of the Company having never had a reserve fund, though there was at one time a contingency fund of about 19,000 *l.*, which was absorbed by the fire at Saville House, 6901-6905. 6913—Practice of allotting the debentures to the shareholders, 6916—Dividend at the rate of 8.61 per cent. in 1874 upon share capital, 6917, 6918—Very large dividends paid by the Equitable Company from 1861 to 1865, under the power as to back dividends, 6919-6922—Loss of about 78,000 *l.* by the Great Central Company, through the default of one of its officers, 6923.

Further reference to the share capital of the Chartered Company (exclusive of the amalgamated companies) as being eventually entitled to a 10 per cent. dividend all round, 6938-6941—Consideration of the course pursued in issuing, in 1875, 500,000 *l.* share capital, of which only 100,000 *l.* is called up, without any exercise of borrowing powers, 6942-6965—Entire readiness of the shareholders to take up all the new share capital, none of it being offered to the public, 6949, 6950. 6962—Dividend of only 5 per cent.

Field, John William. (Analysis of his Evidence)—*continued.*

for five years on the new share capital, so that the public are not prejudiced by the non-issue of loans, 6961. 6964, 6965. 7071-7073.

Investigation of the items composing the total of 650,000 l. of unproductive capital, witness submitting that this carries an average dividend of 7½ and not 10 per cent; charge equal to from 3 d. to 4 d. per 1,000 feet of gas in order to meet the dividend on this capital, 6966-6987, 7067-7070.—Explanation in defence of the arrangement for meeting the heavy defalcation in the case of the Great Central Company by putting by 2,500 l. half-yearly, it being provided that such payments shall be deemed to be payments in respect of dividend, 6988-7001. 7063-7066.

Statement as regards certain returns before the Revision Commissioners, showing the sale of gas per ton of coal carbonised in the case, respectively, of the Chartered Company and of the amalgamated companies, 7002-7011.—Explanation as to the estimates put before the Commissioners in 1874 having been much less favourable than the actual results; large saving in the estimated cost of coal, and cause thereof, 7012-7030. 7061, 7062.—Information relative to the proportion between the cost of coal and the value of coke in each year since 1869; increased proportionate value of the latter, 7031-7044.

Further statement as to the Bill of the Chartered Company in the present Session having sought to extend the borrowing powers of the company; other objects of the Bill, 7045-7053. 7060.—Extra cost of 4 s. 4 d. per ton of coals at Westminster station as compared with Beckton, the former, however, being used only in the depth of winter, 7054-7056.—Much more advantageous conduct of manufacture at Beckton than at the former stations of the company, 7057.—Cost of purification adverted to, 7058, 7059.—Conversion of debentures into debenture stock at 4½ per cent. interest; the former have always been raised at the lowest possible rate, 7074. 7077-7080.—Credit carried to capital in respect of any premium on shares not taken up by the shareholders to whom allotted, 7075, 7076.

G.

Gas-holders. Opinion that for gas-holders a depreciation fund is desirable; absence, however, of legal power in the case of the Imperial Company to form such fund, *Chubb* 4909-4915.—Practice of the Chartered Company since 1868, of charging new gas-holders and retorts to capital, all renewals being charged to revenue, *Field* 6845-6850.

Gaslight and Coke Company. See *Chartered Gas Company.*

Gas Referees. Objections to the present system of gas referees, it being proposed that one should be appointed by the Board of Trade, one by the local authorities, and one by the companies, *Newton* 207-211-2.* 226.

Decided approval of its being still left to the gas referees to define the standard of purity; satisfactory working of the existing provisions on this score, *Keates* 2348-2352. 2379-2386. 2425-2427. 2446-2449.

Witness was one of the gas referees appointed by the Duke of Richmond, as President of the Board of Trade in 1868; he ceased to act on 1st September 1872; *Patterson* 2880-2882.—Examination as to the personal fitness of witness for the position of gas referee, and as to the circumstances under which he was appointed, and was not continued in office after 1872, *ib.* 2947-2978.—Explanation with reference to a certain patent taken out by witness, and to the litigation on the subject with the Chartered company, *ib.* 2963-2987.

Approval of the appointment of gas referees by the Board of Trade, *Hawkins* 5866-5868.

Gas Works Clauses Act (1847). Incorporation of the Gasworks Clauses Act of 1847 in the Imperial Company's Act of 1854; restrictions thereby as to the price, illuminating power, and dividend, *Newton* 12, 13. 24; *Burke* 3729-3735. 3747-3756.

Great Central Gas Company. Increased price to consumers in the City in consequence of the amalgamation of the Great Central Gas Company with the Chartered Company, *Newton* 220.—Instance in the case of the Great Central Company of the advantage secured in the way of price under the Act of 1860, *ib.* 262-264.

Reference to the circumstance under which the Great Central Company raised their price in the City from 4 s. to 4 s. 6 d., this having greatly offended the Corporation, and having thus led to the agitation against the Metropolis Gas Act of 1860, *Burke* 3791, 3792.

See also *Higgs' Defalcations.*

Guarantee (Maximum Dividends). Argument that the Act of 1868 never intended to absolutely guarantee a dividend of 10 per cent.; conditions involved as to the exercise of due care and management, *Newton* 12-14. 24. 490-492. 583-585—Impossibility of the companies being in a more favourable position than at present; witness submitting, however, that the position is not a proper one, *ib.* 589-592.

Inexpediency of any guarantee of a minimum dividend, as interest on capital, concurrently with restriction to a 10 per cent. dividend, *Gunn* 2086-2093—Way in which the revision clauses operate as a guarantee; that is, as enabling the companies to raise the price necessary for the dividend, *Stevenson* 3042—Explanation of the sense in which the term "practically guaranteed dividends" is used by witness; reference especially to the condition as to due care and management, *ib.* 3644-3649. 3672.

Conclusion as to the Phoenix Company being entitled by Act to a 10 per cent. dividend on its old capital so long as it fulfils its engagements, *Horner* 5388-5391—Absence at present of any guaranteed dividend, irrespective of due care and management, *Woodall* 5758-5767—Nature of the claim of the companies to be secured a dividend of 10 per cent. upon their original capital, *Sir G. Elliot* 6144, 6145—Reference to the dividends of the Chartered Company in the years 1866 to 1870, as showing that there is no guarantee of a 10 per cent. dividend, *Field* 6889-6892.

See also *Dividends.* *Due Care and Management.*

Gunn, Arthur. (Analysis of his Evidence.)—Is Accountant of the Metropolitan Board of Works; has directed his attention to the accounts and finances of the London Gas Companies, 1535-1537—Submits an estimate, and gives explanations thereon, relative to the population of the districts lighted by the different companies, 1538-1545—Submits also a return of the quantity of gas in thousands sold by each company in the several years 1869 to 1874, together with the amount in pounds of 1 d. per 1,000, produced by each company, 1546.

Explanations in connection with a statement showing the share capital actually paid up on 31st December 1874, and the maximum dividend; total of 8,880,703 l.; 1547-1551. 1556-1559—Loan capital called up to the amount of 1,734,512 l., at rates varying from 4 to 5 per cent., 1551—Share capital to the amount of 1,602,197 l., and loan capital to the amount of 292,312 l., not called up; maximum dividend allowed in the former case, 1551-1555. 1560.

Increased price of 1 s. 2 d. per 1,000 feet applied for by the Chartered Company in 1873, the Revision Commissioners having sanctioned 7 d. increase on common, and 10 d. on cannel gas, 1561-1563—Statement that the increase allowed was to cover everything, including 1 per cent. for the insurance fund, representing 20,024 l.; there was no specific sum allocated for insurance, 1562-1579—Circumstance of the whole increase in 1873 having been absorbed in paying the 10 per cent. dividend, whilst nothing was appropriated to the insurance fund, 1574-1586.

Disallowance by the Commissioners in 1873 of a sum of 5,000 l., included in the company's estimate for expenses, as an annual payment for meeting a large defalcation in the Great Central Company before amalgamation, 1587-1594—Evidence to the effect that notwithstanding disallowance, the company paid 5,000 l. for defalcations out of the balance of net revenue, whereas nothing was carried out of the net earnings to the insurance fund, 1595-1619.

Necessary allowance of 1 per cent. for the insurance fund by the Commissioners in settling the price of the Chartered Company for 1874, this representing 31,500 l.; comment hereon upon the omission of the company in previous years, when gas was cheap, to put anything to the insurance fund, 1620. 1639-1652—Information relative to the estimates of the company in support of their application in 1874, and the extent to which cut down by the Commissioners; surplus balance of 43,000 l. after payment of dividend, of 5,000 l. for defalcations, and of insurance, 1620-1641—Absence of security for due care and management when a sum of about 30,000 l. is allowed for insurance, whilst the company is not bound to allocate it, 1638-1652—Belief that a charge is made annually by the companies in respect of wear and tear of plant, 1653-1657.

Application by the Imperial Company in 1874 for an increase of price to 4 s. 11 d., they having been awarded 4 s. 8 d., 1658, 1659—Fixed reserve of 81,250 l. in the case of the Imperial Company, upon which they may draw in order to make up the dividend, 1659—Extra charge of 53,000 l. provided for by the price in 1874, in order to make up the reserve; addition thereby of 3½ d. to the price, *ib.*—Insufficient allowance for the reserve fund of the company by about 28,000 l.; 1660-1664.

Security given to the maximum dividends by the reserve funds, so that there is no inducement to economical management, 1665—Great increase in the capital of the Chartered Company since 1869; 1669, 1670—Positive encouragement to the creation of new share capital by the operation of the revision clauses, 1670-1672—Considerable increase since 1869 in the capital of the Imperial Company, 1673, 1674.

Obstacle to any satisfactory scrutiny of the trading accounts of the companies upon the information furnished to the Metropolitan Board; want of access to the books of the

Gunn, Arthur. (Analysis of his Evidence)—continued.

companies, 1675-1682—Increasing items of expenditure of the Chartered Company for wear and tear in respect of manufacture and of distribution; considerable excess of expenditure beyond estimate in 1874, which the Metropolitan Board cannot investigate, 1676, 1677—Illustrations of the obstacles to satisfactory investigation or revision as regards increase of consumption in the case of the Chartered Company, 1677.

Difficulty, through want of information, in regard to proper allowance being made at the revision in 1873 for the effect of the stokers' strike upon the consumption of the Chartered Company's gas, 1677—Difficulty also in connection with the disallowance by the Commissioners in respect of the closing of Horseferry-road Station, *ib.*

Illustration, in the case of the Imperial Company, of the want of fuller power of inquiry into the practice of issuing capital; that is, in reference to the large balance of unexpended capital in hand in December 1873; 1680-1682—Inclusion of the foregoing capital in the amount upon which the Revision Commissioners had to allow dividend in 1874; 1680, 1681.

Comment upon a proposal by the Chartered Company to raise and issue 500,000 *l.* of new capital, 1682-1687—Conclusion as to the expediency of some power to investigate the reasons for the issue of fresh capital by any company, 1682-1687—Direct interest of the shareholders in the immediate issue of new shares, whether the money is required or not; important gain represented by the premium on new stock, 1688-1699—Particulars relative to the 5 per cent. preference capital recently issued by the Chartered Company convertible after five years into ordinary 10 per cent. stock; great boon to the shareholders by this issue, 1692-1711.

Statement showing that the several companies not under the revision clauses have made good their dividends with lower prices than those acquired by the Chartered and Imperial Companies under revision; lower illuminating power in the former case, 1712-1720, 1947—Table explanatory of the price charged and illuminating power supplied by each of the companies in the several years, 1869 to 1874; 1716—Table showing the share capital and loan capital of each company on the 31st December 1874; total of 10,615,215 *l.*; 1721, 1722.

Admission that the gas companies are constrained to enlarge their capital expenditure with reference to the increasing demands of the public, whom they are bound to supply, 1723-1729—Necessarily increased expense for leading mains in going long distances out of town, there being at the same time every encouragement to fresh outlay, 1730-1734—Examination upon the grounds of witness' objection to the large amount of fresh capital (120,000 *l.*) called up by the Imperial Company in December 1873 before it was required, 1735-1758. 1794-1805. 1854-1858.

Further reference to the security for the Imperial Company's full dividend of 10 per cent. by reason of the reserve, 1758—Amount of capital of the company at 10 per cent. and 7 per cent. respectively; average of about 8 *l.* 14 *s.* per cent., 1759-1766. 1786—Admission as to the very full powers of inquiry into the companies' account by the auditor for the Board of Trade; entire competency of Mr. Parkes to make such inquiry, 1767-1779—Inability of the Revision Commissioners to follow up inquiry into capital expenditure by making disallowance on this score, 1780-1785. 1793-1805.

Full powers of inquiry desirable on the part of the consumers into the question of wear and tear before the decision of the Commissioners, 1787—Courtesy of the companies' officers in replying to inquiries and complying with requisitions, the revision being, however, imperfect from the nature of the case, 1788-1793. 1803-1805—Consideration of the circumstance of the Imperial Company having been obliged to take about 26,000 *l.* from the reserve in order to make up the dividend for the first half-year of 1874; 1806-1816—Absence of any guarantee for due care and management, or the foregoing course might not have been necessary; witness however does not impute bad management, and is not in a position to prove it. 1816-1824.

Further statement as to the expediency of a full and independent inquiry, on behalf of the consumers, as regards fresh issues of capital; it is not proposed to go into a revision of old capital, 1825-1829. 1835-1841—Salutary check upon excessive capital outlay by the proposed sliding scale, and by the diminution of dividends if the price be raised above 3 *s.* 9 *d.*; 1829, 1830—Opinion as to the fairness of the sliding scale and of a fixed price of 3 *s.* 9 *d.*; advantage of the provision for a reserve as a means of still maintaining the dividend, 1830-1834.

Very large consumption of coal by the Chartered and Imperial Companies as compared with that of the smaller companies; question hereon whether the latter may not have facilities for buying coal more advantageously, 1842-1853—Great extent of the works at Bromley adverted to as accounting, more or less, for the increased capital of the Imperial Company per ton of coal carbonised, 1859-1866.

Examination in detail relative to the several heads of information required at the revisions in 1873-74 in the case of the Chartered Company, and the extent to which the revision was defective by reason of the inadequate powers of inquiry of the Metropolitan Board

Report, 1875—continued.

Gunn, Arthur. (Analysis of his Evidence)—continued.

Board, 1870, *et seq.*—Reluctance of witness to question the decisions of the Commissioners, 1885–1887.

Success of the Metropolitan Board at the revision in 1873, as regards the increased consumption to be allowed for in consequence of the cessation of the stokers' strike; want of proper information by the company in this matter, 1907–1910. 1928. 1967–1970 Argument that there may have been many facts behind the scenes which the Metropolitan Board could not bring out, owing to the disadvantageous position in which they were placed; nor have they in the interim discovered any fresh facts which should have been adduced at the revision, 1911 *et seq.*

Further evidence as to the difficulties under which the information in connection with the closing of Horseferry-road Station was brought out, and laid before the Commissioners; disallowance obtained on this score, 1914–1924. 1936–1939—Instances in the case of the expenditure on wear and tear, the cost of coals, &c., in which sufficiently full information was not available for the Commissioners, 1951–1956—Improper way in which the balance of the cost of the stokers' strike was dealt with in the accounts for 1872; disallowance of this sum on appeal to the Board of Trade, 1957–1962—Further consideration of the course pursued at the revision in dealing with the annual charge of 5,000 £, in respect of the defalcations of Higga, 1980–1979.

Hardship upon the consumers in no part of the profits in 1873 having been carried to an insurance fund, 1980–1984—Prejudicial operation of the present system whereby, when gas is dear, there is a sum of 1 per cent. allowed by revision for an insurance fund; interference thereby with the incentive to due care and management, 1980–1998.

[Second Examination]. Evidence in support of the complaint that under the revision in the case of the Chartered Company in 1873, nothing was put to the insurance fund on the year's working, whilst the full dividend of 10 per cent. was paid, 1999 *et seq.*—Inequality in providing that in a dear year something shall be carried to a reserve fund, whilst nothing is carried in cheap years, when there is no revision, 2005. 2013—Indirect way in which the provision as regards insurance interferes with the principle of due care and management, laid down by the Act of 1868; 2006–2029.

Reference to the exceptionally high prices of the Chartered and Imperial Companies under the revision as an indication, to some extent, of want of due care and management, 2025–2028—Explanation that under the proposed sliding scale back dividends are not to be allowed; object of a dividend deficiency fund to supply deficiencies of the current year, 2030–2042—Circumstance of the Act of 1868 making no provision as to back dividends, 2035.

Examination in defence of the proposition that, on account of their monopoly, the companies should not divide more than 10 per cent., whilst, if the price be raised, they are not to divide so much, 2043 *et seq.*—Conclusion that an initial price of 3 s. 9d., with an insurance, will fully suffice to keep up the Chartered Company's dividend, provided there be proper care and management, 2064–2085—Inexpediency of any guarantee of a minimum dividend, as interest on capital, concurrently with restriction to a 10 per cent. dividend, 2086–2093.

Frequency of public bodies being restricted as to the mode of raising their capital when the interest falls upon the ratepayers, 2094–2099—Way in which Clause 6 of the Bill will operate in preventing the raising of capital before it is required; absence of any check at present, 2100–2131—Inspection of works by the Revision Commissioners adverted to as not properly testing the question of extravagant outlay, 2132–2137.

Evidence in strong condemnation of the large issue of new 10 per cent. capital by the Chartered Company to the shareholders, a premium of 70 or 80 per cent. being involved, whilst they could raise the same amount by a 5 per cent. stock, 2143–2174—Effect of the sixth clause of the Bill in preventing excessive outlay of capital, whilst under the revision machinery there is no check, and the consumers are obliged to pay full dividend, 2175–2181—Statement that any disallowance of dividend in respect of excessive outlay should fall upon the shareholders generally, 2182–2187—Interference by the present Bill with the rights of existing shareholders in so far as it will prevent their receiving 10 per cent., unless there be due care and management, 2188–2205.

Fairness of the consumers having some check over the management, as they, rather than the shareholders, are interested therein, 2206–2210—Further statement as to the local authorities not having all the facts and figures sufficiently before them at the revision inquiries, 2211–2228—Difficulty, moreover, at the revisions, inasmuch as objections raised were constantly said to impute dishonesty in the management, 2229, 2230.

Fault of the Act of 1868, and not of the Revision Commissioners, as regards the course pursued by the latter in respect of an insurance fund, 2231–2235—Very low price required by the South Metropolitan Company, even without a reserve fund, to pay 10 per cent., as compared with the prices of the Chartered and Imperial Companies under revision, 2236–2241—Absence of any inspection of the companies' accounts since the revision, so that new facts could not be discovered, 2242–2248.

Gunn, Arthur. (Analysis of his Evidence)—continued.

Further evidence relative to the unusually large unexpended balance of capital of the Imperial Company on 31st December 1873, upon which dividend was claimed, 2249-2267—Power at present of only applying the reserve fund to make up the dividend of the current year, 2268-2270.

Information promised to the Committee upon the subject of the mode adopted in some provincial towns of offering new gas shares to the public by auction, 2271-2273—Reluctance of witness, as an officer of the Metropolitan Board, to express any opinion in favour of the amended form of sliding scale proposed by Mr. Livesey, as this might give the companies more than 10 per cent., 2274-2277.

[Third Examination.]—Statement of the prices charged in 1874, and in the first quarter of 1875, by sundry suburban companies adjoining the districts of the metropolitan companies, 2607-2609.

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Hawkins, Rhode. (Analysis of his Evidence.)—Is Chairman of the London Gas Company, 5787-5789—The only establishment of the company is at Nine Elms, where the works are on each side of the railway, 5789*-5793—There is a chief engineer in charge, and the expenditure in all branches is carefully checked by the directors, 5794-5799—The companies generally are actuated by a salutary competition to produce and supply gas as cheaply as possible, 5800-5807.

Statement as to the London Company not only being under the Act of 1860, but having had its position strengthened by a private Act in 1866, which empowered it to raise about 400,000 £, 5808, 5809—Argument that a certain clause of the Act of 1866 does not bring the company under the Act of 1868, and that the company is not in any way under the latter Act, even though the Act may apply to the Commercial Company, 5810-5817.

[Second Examination.]—Obligation upon the London Company, by the Act of 1860, to supply 12-candle gas, as measured by the burner of that year, the quality is equal to from fourteen and a half to fifteen candles, 5818-5821—Protest against alteration by the present Bill of the terms upon which the company is authorised to raise capital under the Acts of 1860 and 1866; 5820-5825—Inexpediency of requiring an increased illuminating power in the case of those companies under the Act of 1860, as necessitating the use of cannel, and as greatly unsettling the price, 5826, 5827.

Varying cost of coal and labour, so that the cost of gas to the companies cannot be made uniform, 5828-5830—Decided opinion that at the present time 3 s. 9 d. is not an excessive price, 5831-5833—Incentive to economy, inasmuch as some companies are supplying more cheaply than others, 5834-5836—Statement of the prices charged by the London Company in different years since 1860; maximum of 4 s. 6 d. charged in 1873, the present price being 4 s., 5837-5851.

Opinion that economy in production is the more likely to result if the companies are unfettered, and that the Act of 1860 is far better on this score than the costly arrangements as to revision under the Acts of 1868 and 1869; 5852-5856—Illustration in the case of witness' company of the immense value of a reserve fund in making up deficiency of dividend, 5857, 5858. 5865—Decided objection to a sliding scale in view of the existing contract between Parliament and the companies, 5859-5861—Renewed agitation anticipated if the companies paid more than 10 per cent. under a sliding scale, 5862-5864.

Approval of the appointment of gas referees by the Board of Trade, 5866-5868—Inexpediency of any increase of penalties for non-compliance with the law, 5869-5872—Objection to an audit of the accounts of the London Company by the Metropolitan Board, 5873-5875.

Examination to the effect that revision is necessary under the Act of 1860, before excess of the price of 4 s. 6 d., whilst revision comes in above the price of 3 s. 9 d. under the Acts of 1868-69; maximum of 5 s. 6 d. to be sanctioned in either case, 5876-5891. 5978, 5979—Consideration of witness' grounds for the conclusion that by the Act of 1860, the price named, subject to revision, is not the maximum price, 5891-5902.

Further objection to the proposed sliding scale as a breach of the engagement entered into by Parliament in 1860; 5903-5909—Very much better position and dividends of the London Company since 1860 than previously, owing to the districting arrangement and the economy of management, 5910-5928. 6040-6050—Great doubt as to its being feasible to divide more than 10 per cent. in future, though since 1863, that amount has always been paid, 5916-5929.

Considerable increase since 1869 in the cost of wages per 1,000 feet of gas sold by the London Company, though this does not apply to the companies generally; enhanced cost in the former case by not working on Sundays, 5931-5941. 5980-5984—Small increase

Hawkins, Rhode. (Analysis of his Evidence)—continued.

increase in the cost of the company's coal as compared with former years, 5942-5944 — Advantage under a sliding scale in raising capital at 5 per cent. in so far as this diminishes the average per-centage of dividend, 5945-5958 — Objection further urged as regards the reserve, so called, under the proposed sliding scale; absence of any direct provision for a reserve, 5959-5964, 5996-6004.

Further objections to an audit of the London Company's accounts by the Metropolitan Board, 5965-5977 — Amount of share capital not called up, entitled to six per cent. dividend; injury to the shareholders by substituting stock at a lower per-centage, 5985-5995.

Explanation as to the London Company's price being 4 s. as against 3 s. in the case of the South Metropolitan Company; conclusion as to this being mainly owing to the larger proportionate capital of the former and not in any way to more expensive working, 6005-6031 — Low average rate of interest or dividend on the capital of witness' company, 6019, 6106 — Enhanced price necessary owing to the costs of the present inquiry, 6023-6027 — Undue competition in former years and other causes to which the large capital of the company is attributable, 6028-6032.

Rights of the company under the Act of 1866 further adverted to; degree of value to the shareholders of the 6 per cent. allotment under this Act, 6032-6036 — Sacrifice in 1860 of the power of paying back dividends, 6038, 6039 — Stringent and expensive regulations under the Act of 1868 as compared with the provisions of the Act of 1860, 6045-6050 — Reiteration of objections to the present Bill as infringing the rights conferred on the London Company in 1860 and 1866; claim of the company to the maximum dividend so long as they keep below the maximum price, 6051-6060.

Element of uncertainty under the sliding scale as the Metropolitan Board would probably re-agitate if more than 10 per cent. were paid, and as moreover it is very problematical whether more than 10 per cent. can be earned, 6061-6070 — Constant attacks upon gas property by the Metropolitan Board, 6064 — Boon to the shareholders at present by the allotment of capital at enlarged rates of interest, whilst under the sliding scale, it would be advantageous to them to borrow on the lowest possible terms, 6071-6077.

Question considered whether the consumers have been really benefited, as well as the shareholders, by the Act of 1860; 6078-6090 — Approval of some regulations and restrictions, as under the Act of 1860, rather than of the companies being entirely unfettered and open to competition, 6091-6094.

Probable explanation of the comparatively low prices in Manchester, including the years 1872-73; reference more especially to the small cost of coal, 6095-6101 — Circumstance of the London Company having no depreciation account, 6102-6105 — Decreasing proportion between capital and production; scope for largely increasing the supply from the existing works, 6106-6111 — Conclusion that there is no room for economy in the management, 6112, 6113.

Heisch, Charles. (Analysis of his Evidence.)—Is Professor of Chemistry at Middlesex Hospital, and is Superintending Gas Examiner for the City of London, 2461-2463 — Testifies to the improvement in 1864, and again in 1868, in the test burners, the effect being that 12-candle gas by the old burner of 1860 becomes about 16-candle gas as tested by the new burner, 2466-2469, 2486 — Considers that a standard of 16 candles as tested by the present burner, may be advantageously prescribed by Act, 2470-2476.

Comparatively little improvement on the score of quality; reference hereon to the very different results shown by different burners, 2477-2486 — Opinion that the gas supplied in the city should be tested in the city, instead of at a distance of seven miles, 2487-2491 — Expediency of the times of testing being left to the gas examiners or local authorities; that is, within reasonable hours, 2492 *et seq.* — Inferior quality of gas in the city before the prescribed hours for testing, whereas the chief consumption in the city is not during the prescribed hours, 2494-2496, 2540-2544.

Statement as to witness having seen an increase of about three candles in the gas at Beckton testing station in about half an hour; other instances adduced of considerable increase within a short period, 2497-2540, 2548-2565, 2583-2597 — Explanation that witness has frequently discovered marked changes in a short time in the illuminating power, but not during the official testing hours, and that he cannot vouch for any records having been made by him on the subject, 2511-2517, 2583-2597 — Uncertainty as to witness' visits to Beckton; he sometimes goes once a week or oftener, 2511-2521.

Representations made by witness to the corporation relative to the lower illuminating power outside the official testing hours, 2522-2527 — Statement as to penalties not applying unless the testing be within the prescribed hours, whilst the quality is always up to the standard at such time, 2528-2536, 2546 — Consideration of objections to the proposal that the companies should be under penalties to supply gas throughout the day

Heisch, Charles. (Analysis of his Evidence)—continued.

up to the standard; circumstance of the Phoenix Company practically giving such supply, 2566-2584.

Question considered whether the legal requirement as to illuminating power is really limited to the time between five and ten in winter, and eight and eleven in summer; (discussion between Counsel hereon), 2598-2604.

[Second Examination.] — Explanation that witness is not able to produce any record of the tests made by him unofficially, outside the prescribed hours, but maintains that he has discovered a difference of two candles and more in from thirty to forty-five minutes, 2611-2633. 2663-2670. 2684-2687—Dissent from the suggestion that the alleged change in so short a time is an impossibility; way in which it might be effected, 2634-2662—Due record of the official testings, the books which contain the results being open to inspection by the companies, 2674-2683—Statement that during the day the gas in the city seldom exceeds fifteen candles, 2687.

Higgs' Defalcations (Great Central Company). Disallowance by the Revision Commissioners in 1873 of a sum of 5,000 *l.* included in the Chartered Company's estimate for expenses as an annual payment for meeting a large defalcation in the Great Central Company before amalgamation, *Gunn* 1587-1594—Evidence to the effect that, notwithstanding disallowance, the company paid the 5,000 *l.* for defalcations out of the balance of net revenue, whereas nothing was carried out of the net earnings to the insurance fund, *ib.* 1595-1619.

Further consideration of the course pursued at the revision in dealing with the annual charge of 5,000 *l.* in respect of the defalcations of Higgs, *Gunn*, 1971-1979.

Loss of about 78,000 *l.* by the Great Central Company through the default of Higgs, *Field* 6923—Explanation in defence of the arrangement for meeting the heavy defalcation in this case of the Great Central Company by putting by 2,500 *l.* half yearly, it being provided that such payments shall be deemed to be payments in respect of dividend, *ib.* 6988-7001. 7063-7066.

Horner, Edward. (Analysis of his Evidence.)—Has been a Director of the Phoenix Gas Company for twenty-five years, having been Deputy Chairman for fourteen, and Chairman for seven years, 5152-5154—The Phoenix Company is under the Act of 1860, has no measure before Parliament, and strongly protests against being placed under the restrictions of the present Bill, and the provisions as to a sliding scale, 5155-5160—The company's operations have been carried on satisfactorily under the Act of 1860, and there are very few complaints on the part of the public, 5160-5162. 5233-5260.

Dividend of 10 per cent. paid by the company on its old capital of 540,000 *l.* and of 7½ per cent. on 360,000 *l.* authorised in 1864; 5163-5172—Argument that the proposed sliding scale would be a breach of the contract under the Act of 1860, and the Gasworks Clauses Act of 1847, the prescribed rate under the latter being 10 per cent. in the absence of any special rate under the Company's Act, 5173-5191—Restriction of the price to 4 *s.* 6 *d.* under the Act of 1860, there being, however, power to go up to 5 *s.* 6 *d.*, subject to the consent of the local authority, 5180-5182. 5193, 5194.

Authority of the company under Clauses 30 to 35 of the Gasworks Clauses Act as to the creation of a reserve fund after payment of the maximum dividends, 5195-5200—Power under the Act of 1847 to make up back dividends out of reserve, dating from the formation of the company; limitation of this power to six years under the Act of 1860; 5201-5205—Summary of prices charged by the company previously to and since 1860; voluntary reductions since the latter year, the dividends being at the same time maintained, 5206-5232. 5254-5260—Different prices formerly for the London and country districts; uniform price now charged, 5213-5226. 5261, 5262.

Information relative to the dividends between 1847 and 1860 as compared with those in the years 1860-74; very prosperous condition of the company under the Act of 1860, the consumers also having had no reason to complain, 5233-5260—Reserve fund of only 16,200 *l.* at the end of 1873, whereas the company might have added 100,000 *l.* to the fund but for the voluntary reductions in price, 5263-5274—Separate accounts at the three stations of the company; check thereby upon the manufacturing and working expenses, 5275-5280—Comparison made also with the accounts of other companies, 5281—Separate engineer over the Greenwich station, there being another in charge of the stations at Vauxhall and Bankside, 5282.

Independent test applied by the company as a check upon the quality of the gas, 5283-5287—Immense economy of supply under the districting arrangement, 5288-5296—Great saving on the score of leakage since the districting and the reduction of mains, 5294-5296. 5299, 5300—Supply practically of, 15½ to 16-candle gas, though by the Act of 1860 only twelve candles are required, 5297-5307—Varying per-centage of cannel used in order to maintain the illuminating power; variation in the quality of the coal from time to time, 5308-5310—Due care and management exercised in every respect, 5311-5314.

Practice

Horner, Edward. (Analysis of his Evidence)—continued.

Practice of sending some of the coke from the works in barges, under contract to cement makers, whilst the remainder is sold on the spot; every step is taken to obtain the best possible price, 5315-5327—Failure of endeavours in 1873 to get as good a price for coke as the South Metropolitan Company, 5326.

Purchase of coal direct from the colliery, generally, by public tender; departure from the latter course in the present year, 5328. 5334-5338—Very careful analysis and experiment before new kinds of coal are bought, 5329-5333—Gross price paid for coal in each year since 1860; 5339-5342—Large contract made in 1870 over a period of three years; beneficial operation thereof, 5343-5352—Short contracts made when coals are dear, 5351.

Sale of tar and ammoniacal liquor under contract after public tender; unfavourable tar contract now in force, 5353-5360—Care taken not to call up any capital before it is required, there being no unproductive capital, 5361—Further protest against any alteration of the legislation by which the company is governed and under which it has given satisfaction, 5363-5365.

Comparatively small districts which would continue under the Act of 1860, if, as is proposed by Bill, the Commercial and Ratcliff Companies be amalgamated and placed under the Act of 1868; 5366-5378—Explanation as to part of the district of the Phoenix Company being parallel with that of the South Metropolitan; supply of opposite sides of one street by the two companies, the present price of the latter company being 3 s., and of the former 4 s., 5379-5387.

Conclusion as to witness' company being entitled by Act to a 10 per cent. dividend on its old capital so long as it fulfils its engagements, 5388-5391—Incorporation of the Act of 1847 in the Act of 1860, the latter having revision clauses applicable in the event of the price exceeding 4 s. 6 d., 5392-5400—Opinion that the Act of 1860 is decidedly a better measure than the Acts of 1868-69; lower price in the case of those companies under the former legislation, 5401-5405.

Examination as to the dividends of the company in relation to the price of coals since 1860 and previously to that year; conclusion that the improved dividends are owing to the districting arrangement, and not to any saving in the cost of coals, 5406-5448. 5465-5467—Further particulars relative to the different amounts of capital entitled to different rates of dividend this including a sum of 144,000 £ at 5 per cent., derived from capitalised profits, 5413-5422. 5498-5520. 5595-5607.

Apprehension that if the proposed sliding scale were applied to witness' company, and admitted of an excess of dividend beyond 10 per cent., the Metropolitan Board would promptly apply to Parliament to upset the arrangement, 5423-5430—Doubt as to the Phoenix Company having any special facilities in the landing of coals as compared with the South Metropolitan; exemption of the former from any cannel dues, 5449-5465—Necessity of surplus profits in excess of the amount necessary to pay maximum dividends before a reserve fund can be formed, 5463, 5464.

Lower prices in conjunction with increased dividends since the districting arrangements, so that the public have been benefited as well as the company, 5465-5471—Power of the company to have distributed in dividends the accumulated profits allowed to be capitalised under the Act of 1864; 5472-5476. 5502-5504. 5602-5607—Great improbability of the company being able to pay more than 10 per cent. besides making up the reserve to its full amount, 5477-5483—Frequent reduction of price, although the reserve was at a low figure, 5484-5487.

Much larger proportionate capital of the Phoenix than of the South Metropolitan Company, thus accounting for the price of 4 s. as against 3 s., 5488-5496—Former competition in the Phoenix Company's district, which chiefly accounts for the large capital, 5494-5497—Total paid-up capital of 1,027,000 £; large proportion raised since 1860 on account of the increased supply of gas, and the necessity for new works, 5498-5514—Power of calling up 162,000 £ more capital entitled to 10 per cent., 5515-5517.

Dissent from the inference that the large capital of the company is attributable to the fact that the dividends have been secure since the Act of 1860; witness repudiates the idea of the directors having been actuated by this consideration, 5517-5528—Market value of the different shares adverted to in connection with the advantage of allotments to the shareholders; difficulty in placing all the 7½ per stock in 1864; 5529-5543—Higher value of the shares in the markets, but for the contingency of some invention superseding gas, 5541. 5558, 5559. 5586-5594.

Lower average dividend upon the stock of the Phoenix than of the South Metropolitan Company, whilst the cost of manufacture is quite as low in the former case; explanation hereon as to the higher price of the Phoenix Company, 5547-5552—Difficulty in the company now raising capital by the issue of stock at 5 per cent., although the consumers have to pay a rate yielding 10 per cent., 5553-5559—Doubt as to the companies being any more ready to provide capital and extend works since 1860 than before that year, 5560-5566.

Horner, Edward. (Analysis of his Evidence)—continued.

Further argument that the consumer benefited not only in price but in quality since the Act of 1860, the companies being benefited by better dividends, 5567-5579—Reliance further placed upon the Acts of 1847, 1860, and 1864, as justifying the dividends paid by the Phoenix Company, 5580-5585—Limited weight attached by witness to the contingency of new lights in lieu of gas; no provision or reserve is made for such contingency, 5586-5594—Considerable portion of $7\frac{1}{2}$ per cent. capital not called up, so that an application to Parliament will not be necessary for some years, 5595-5601.

Heavy loss by leakage when several companies were competing in the same district, 5610—Reference to the Surrey Consumers' Company as not now consisting mainly of local consumers, 5611, 5612—Issue of more than 100,000 l. of share capital by the Phoenix Company between 1866 and 1873; 5614, 5615.

Horseferry-road Station (Chartered Gas Company). Difficulty at the revision in 1873, in connection with the disallowance by the Commissioners in respect of the closing of Horseferry-road Station, Gunn 1677.

Further evidence as to the difficulties under which the information in connection with the closing of Horseferry-road Station was brought out, and laid before the Commissioners; disallowance obtained on this score, Gunn 1914-1924. 1936-1939.

I.

ILLUMINATING POWER:

1. *Present Requirements as to the Amount of Illuminating Power.*
2. *Generally as to the Character of the Supply.*
3. *Low Standard of the Supply in the day time.*
4. *Difficulty in Frosts.*
5. *Effect of Conveyance a long distance from the Works.*
6. *Instances of considerable Increase in Illuminating Power within a short time; conflicting Evidence hereon.*
7. *Operation of the System of Penalties; Amendment suggested.*
8. *Objections to any Increase beyond Sixteen Candles, or to any Decrease.*

1. *Present Requirements as to the Amount of Illuminating Power:*

Supply of 16-candle gas by the Chartered Company only; that is, under the Act of 1868; Newton 42. 100—Provisions as to the Imperial and South Metropolitan Companies supplying fourteen candles, *ib.* 55. 61, 62.

Continuance of five companies under the Act of 1860, the prescribed illuminating power being twelve candles; addition of four candles if tested by the burner now used, Stevenson 3044-3054. 3126-3135—Absence of alteration by the present Bill on the score of illuminating power as given by the Chartered Company, *ib.* 3436-3439*.

2. *Generally as to the Character of the Supply:*

Tabular statement showing for each of the companies under the Act of 1860 the illuminating power actually supplied, the degree of purity, price, &c., Keates 2330, 2331—Further table showing the monthly average lighting power of each of the companies under the Acts of 1868-69, for the year ending 31st March 1875, *ib.* 2332, 2333—Admission as to the companies under the Act of 1860 having supplied up to and beyond the prescribed standard of illuminating power, *ib.* 2394-2396.

Comparatively little improvement on the score of quality; reference hereon to the very different results shown by different burners, Heisch 2477-2486—Inferior quality of gas in the city before the prescribed hours for testing, whereas the chief consumption in the city is not during the prescribed hours, *ib.* 2494-2496. 2540-2544—Representations made by witness to the corporation relative to the lower illuminating power outside the official testing hours, *ib.* 2522-2527.

Result of various testings by witness before official hours at Beckton, during the last five months, that he has seldom found the gas above sixteen candles; several instances of much lower quality than during the official hours, Young 2719-2736—Excess of sixteen candles after official hours on 2nd March last, *ib.* 2737.

Explanations in reference to the illuminating power supplied by the different companies as measured by different test burners, Stevenson 3044-3054. 3126-3135—Very little attention paid to the question of illuminating power in the Acts previously to 1870, *ib.* 3205-3207.

Supply in excess of the prescribed illuminating power in order to avoid penalties, Burke 3899, 3900; Chubb 4880-4889; Treuby 6428—Supply practically of $15\frac{1}{2}$ to 16-candle gas by the Phoenix Company, though by the Act of 1860 only twelve candles are required, Horner 5297-5307—Great improvement in quality as compared with the period before 1860, *ib.* 5577-5579.

3. *Low*

Report, 1875—continued.

ILLUMINATING POWER—continued.

3. *Low Standard of the Supply in the day time :*

Impression that the gas supplied during the day is not quite up to the standard, *Keates* 2341—Statement that during the day the gas in the City seldom exceeds fifteen candles, *Heisch* 2687.

4. *Difficulty in Frosts :*

Considerable difficulty in maintaining the full illuminating power in severe frosts, *Livesey* 1112-1117.

5. *Effect of Conveyance a long Distance from the Works :*

Instances of considerable diminution of illuminating power at a distance from the works, *Keates* 2360-2369 — Opinion that a distance of 1,000 or 2,000 yards from the works does not affect the illuminating power, *Trewby* 6417-6420 — Distance of fifteen miles between the testing station in Marylebone and the supply works at Beckton; conclusion as to there being some loss of illuminating power in travelling this distance, *Whitmore* 6488-6495.

6. *Instances of considerable Increase in Illuminating Power within a short Time; conflicting Evidence hereon :*

Statement as to witness having seen an increase of about three candles in the gas at Beckton testing station in about half an hour; other instances adduced of considerable increase within a short period, *Heisch* 2497-2540. 2548-2565. 2583-2597 — Further statement that witness has frequently discovered marked changes in a short time in the illuminating power, but not during the official testing hours, and that he cannot vouch for any records having been made by him on the subject, *ib.* 2511-2517. 2583-2597.

Explanation that witness is not able to produce any record of the tests made by him unofficially, outside the prescribed hours, but maintains that he has discovered a difference of two candles and more, in from thirty to forty-five minutes, *Heisch* 2611-2633. 2663-2670. 2684-2689 — Dissent from the suggestion that the alleged change in so short a time is an impossibility; way in which it might be effected, *ib.* 2634-2662.

Information as to the results shown by witness' tests at Beckton station on 12th and 19th December 1874, before and during the official testing hours; increase of more than two candles between five and six o'clock on the 12th December, *Young* 2694-2713. 2836-2848 — Important advance of illuminating power on the foregoing days after commencement of the official hours, *ib.* 2694-2713.

Examination in detail upon the question of the practicability of increasing the illuminating power by two candles in forty-five minutes; suggested means by which this may have been effected, *Young* 2751-2798 — Statement as to the possibility of an alteration of two candles in eight minutes, *ib.* 2845-2854. 2865, 2866.

Evidence showing the very short time in which the illuminating power can be raised by two or three candles at any testing station; instance of conversion of twelve-candle gas into nearly fifteen candles in less than fifteen minutes, *Stevenson* 3208-3219 — Witness would undertake to change the illuminating power from Beckton to the first testing station to the extent of two candles in twenty minutes, *ib.* 3210 — Simple process by which the illuminating power of the gas sent from any station may be very rapidly raised, *ib.* 3374, 3375.

Inaccuracy of a statement by Mr. Heisch, that he had seen as great a change as three candles in less than half an hour in the testing station at Beckton; impracticability of such change in so short a time, *Trewby* 6272. 6276. 6451-6459 — Doubt as to the possibility of largely increasing the illuminating power in a very short time, as stated by Mr. Heisch, *Whitmore* 6496 — Difficulty in keeping up a regular illuminating power; statement hereon as to the extent of variation according to the testings made by witness, *ib.* 6526-6542.

Immediate use of cannel at Becton when the illuminating power is deficient, *Wadbrook* 6553. 6582-6584 — Telegraphic communication received whenever the illuminating power is deficient, *ib.* 6578-6581. 6595, 6596 — Limited variation of the illuminating power within so short a period as ten minutes; witness has never known a variation to the extent of a quarter of a candle in this period, *ib.* 6585-6594. 6597, 6598.

Information relative to the process of testing at Becton, witness (as chemist for the Chartered Company) submitting that there could not have been at any time a variation to the extent of two candles in ten minutes, *Beale* 6600-6627.

7. *Operation of the System of Penalties; Amendment suggested :*

Unsatisfactory working of the requirement as to the minimum illuminating power under the present system of penalties; suggestion that penalty should not attach if the deficiency were less than one candle, *Livesey* 1107-1134.

ILLUMINATING POWER—continued.**7. Operation of the System of Penalties; Amendment suggested**—continued.

Statement as to the penalties not applying unless the testing be within the prescribed hours, whilst the quality is always up to the standard at such time, *Heisch*, 2528-2536. 2546—Consideration of objections to the proposal that the companies should be under penalties to supply gas throughout the day, up to the standard; circumstance of the Phoenix Company practically giving such supply, *ib.* 2566-2584—Difficulty as to recovery of penalties for deficient illuminating power unless the breach occurred in the testing hours, *Stevenson* 3673-3678.

Statement as to witness' company really giving fifteen or sixteen candles through fear of penalties for going below fourteen candles, *Burke* 3899, 3900—Necessary excess of sixteen candles, in order to avoid penalties, if the Imperial Company were put up to the level of the Chartered Company; statement hereon as to the present difference between the illuminating power of the two companies, *Chubb* 4880-4889—Inexpediency of any increase of penalties for non-compliance with the law, *Hawkins* 5869-5872—Necessity of the Chartered Company keeping above the standard as a protection against penalties *Treuby* 6428.

8. Objections to any Increase beyond Sixteen Candles, or to any Decrease:

Deprecation by the Metropolitan Board of any diminution of the illuminating power, the question at the revision having always turned upon the price, *Newton* 106-110—Necessity of considering the question of illuminating power in conjunction with that of price, *ib.* 202, 203—Sufficiency of an illuminating power of sixteen candles, *ib.* 204-206—Probability of consumers being better satisfied in the district of the Chartered Company than in other districts, on account of the higher illuminating power prescribed in the former case, *ib.* 227-231.

Statement in favour of sixteen-candle gas, as measured by the new burner, being required of the companies under regulation to supply only fourteen candles; practical supply of this quality already, *Keates* 2400-2403—Grounds for the opinion that sixteen-candle gas (by the modern burner) is sufficiently good for the metropolis, and that a higher standard, involving increased use of cannel, is very undesirable, *ib.* 2403. 2416-2424—Conclusion that sixteen-candle gas is sufficient for London, and that reduction of price is more desirable than increase of illuminating power, *Stevenson* 3683, 3684.

Inexpediency of requiring an increased illuminating power in the case of those companies under the Act of 1860, as necessitating the use of cannel and as greatly unsettling the price, *Hawkins* 5826, 5827—Satisfaction given by the change from cannel to common gas in the case of the Western Company; opinion that sixteen-candle gas is quite sufficient, *Evans* 6737-6741.

See also *Burners. Cannel and Cannel Gas. Chartered Gas Company, 9. Imperial Gas Company, 8. Pressure. Testing, &c. Uniformity.*

IMPERIAL GAS COMPANY:

1. *Chief Provisions of the Company's Act of 1869.*
2. *Bill of the Company in 1868.*
3. *Several Manufacturing Stations, and large Supplies therefrom; Extensive Facilities at Bromley.*
4. *Details relative to the Administration; Claim to the exercise of due Care and Management.*
5. *Items of Expenditure at Bromley.*
6. *Capital; Mode in which raised, and Amount of Increase.*
7. *Conversion of Loan Capital into Share Capital.*
8. *Price and Illuminating Power in relation to Dividend.*
9. *Reserve Fund, and Operation thereof.*

1. Chief Provisions of the Company's Act of 1869:

Legislation promoted by the Imperial Company in 1869, the price being 3 s. 9 d. for fourteen-candle gas, and the reserve being fixed at 81,000 l., *Newton* 54-60—Limitation of the price of the Imperial Company by their Act of 1869 to that of the Chartered Company, the former company being, however, allowed a reserve fund, and not required to supply more than fourteen-candle gas, *Stevenson* 3021-3027.

Stipulation by the Metropolitan Board in 1869 that the Bill of the Imperial Company in that year should include the revision clauses of the Act of 1868, *Burke* 3826-3828. 3850.

2. Bill of the Company in 1868:

Withdrawal by the company of their Bill of 1868, rather than submit to the terms prescribed, *Newton* 630-632.

Capabilities

Report, 1875—continued.

*IMPERIAL GAS COMPANY—continued.**3. Several Manufacturing Stations and large Supplies therefrom; extensive Facilities at Bromley:*

Capabilities of each of the four manufacturing stations of the company; namely, at Fulham, St. Pancras, Shoreditch, and Bromley, *Chubb* 4136-4148—Arrangements at Bromley for meeting all future increase of supply, it being contemplated to have ultimately four retort houses capable of producing 20,000,000 cubic feet per day, *Chubb* 4144. 4149-4155. 4219; *Kirkham* 5096-5098.

Very large production of gas by the company; supply of 23,000,000 cubic feet one night last winter, *Burke* 3691, 3692—Greatest delivery of gas by the company in one day in each of the years 1869 to 1874, *p.* 368—Smallest delivery of gas on Sunday, Saturday, and on ordinary week days, in each year from 1869 to 1874, *p.* 369.

Comparatively small production of gas in proportion to the capital outlay; very much larger production in course of time, for which, however, further outlay will be required, *Kirkham* 5130-5138.

4. Details relative to the Administration; Claim to the Exercise of due Care and Management:

Each of the four establishments is in charge of an assistant engineer, with a head engineer, who superintends the whole, *Burke* 3689, 3690—Separate accounts at each establishment, these being compared weekly as a check upon the expenditure, *Burke* 3693. 3709-3712; *Kirkham* 5031-5034, 5037—Important duties of the head inspector, who sees to the demands for increased supplies and watches the arrangements for regulating the pressure, &c, *Burke* 3713-3717—Careful investigation by the company of all improvements in manufacture, *Burke* 3719-3722; *Kirkham* 5038-5040.

Invariable action of the company in the direction of selling the best gas at the cheapest rate with a view to the satisfaction of the consumers as well as to self-interest, *Burke* 3723-3725.

Division of the board of directors into three committees for the conduct of business, the board meeting once a week for confirmation of the action of the committees, *Chubb* 4100-4107—Prospect of more economical manufacture by the company when the works at Bromley are fully developed, *ib.* 4612-4617—Prohibition upon increased production at any of the stations of the company, except Bromley, whereas the advantages of this station, on the score of coal delivery, are counterbalanced by the disadvantages in the disposal of coke, *ib.* 4846-4849—Steps taken to maintain the full value of the plant in the absence of a depreciation fund, *ib.* 4902-4908.

Entire control by witness, as engineer in chief, of the working establishments of the company; authority exercised as regards appointments, extension of works, &c., *Kirkham* 5022-5030—Belief that every branch of the manufacturing establishment is conducted with due care and management, *ib.* 5038-5040—Due care taken in keeping down the staff, and in retaining labourers near the works, *ib.* 5041-5043—Additional arrangements necessary in course of time as regards purifying apparatus, *ib.* 5099, 5100.

5. Items of Expenditure at Bromley:

Statement in justification of the bridge constructed by the company over the River Lea and Bow Creek; objections to a bridge of less width and smaller capacity, *Kirkham* 5055-5075—Construction of the bridge under the directions of Mr. Peter Barlow, *ib.* 5076-5078—Justification also of the erection of a clock tower (at a cost of about 600*l.*); importance of a striking clock in connection with the drawing of the retorts at fixed intervals, *ib.* 5079-5090—Conclusion as to the judicious character of the expenditure on a large dock at the Bromley works, *ib.* 5091-5095.

Instances of excessive expenditure of capital on the part of the Imperial Company; that is, on the works at Bow Common, but not at Fulham, *Pattison* 7296-7303.

6. Capital; Mode in which raised, and Amount of Increase:

Considerable increase since 1869 in the capital of the Imperial Company, *Gunn* 1673, 1674—Examination upon the grounds of witness' objection to the large amount of fresh capital (120,000 *l.*) called up by the company in December 1873, before it was required, *ib.* 1735-1758. 1794-1805. 1854-1858—Amount of capital of the the company at 10 per cent. and 7 per cent. respectively; average of about 8 *l.* 14 *s.* per cent., *ib.* 1759-1766. 1786.

Great extent of the works at Bromley adverted to as accounting more or less for the increased capital of the Imperial Company per ton of coal carbonised, *Gunn* 1859-1869.

Further evidence relative to the unusually large unexpended balance of capital of the Imperial Company on 31st December 1873, upon which dividend was claimed, *Gunn* 2249-2267.

Report, 1875—continued.

IMPERIAL GAS COMPANY—continued.

6. *Capital; Mode in which raised, and Amount of Increase*—continued.

Power of the Imperial Company to call up capital which would be entitled to dividend before it was expended; admission as to the propriety of paying dividend on a certain proportion of floating capital, *Stevenson* 3111-3121.

Application in 1854 for an Act enabling the company to double its capital; summary of the main provisions of this Act, *Burke* 3736. 3750-3756—Several applications made to Parliament by the Imperial Company for increase of capital, several Bills having been necessarily withdrawn on account of the onerous terms sought to be imposed, *ib.* 3818-3825.

Statement as to the company having, in their Bill of 1869, proposed to raise new capital with a dividend of 7 per cent. instead of 10 per cent., as previously given to the Chartered Company for a higher illuminating power; large saving to the consumers in consideration of the lower illuminating power given by witness' company, *Burke* 3830-3834.

Explanation as to the proportion of the capital of the Imperial Company limited to 10 per cent. and 7 per cent. respectively, and as to the latter shares having in some degree a preference over the former, *Burke* 3881-3895—Great difficulty experienced by the company in 1866 in issuing new capital at 7 per cent., *ib.* 3889-3894.

Evidence to the effect that the company never pressed for a 10 per cent. dividend upon the new capital under their Bill of 1869, although 10 per cent., and not 7 per cent., was originally inserted in the Bill, *Burke* 3943-3954—Further information in connection with the issue of 7 per cent. capital in 1866 which was offered to the general public, as well as to the shareholders, and was placed with difficulty, *ib.* 3960-3971.

Duty of the company in raising capital to issue it on such terms as will ensure its being obtained with certainty, and to consider the interests of the shareholders in the matter as well as of the public, *Burke* 4025-4028.

Enhanced ratio of capital expenditure by the Imperial Company through their having been compelled by Parliament to erect new works out of London, whilst the old works are not abandoned, *Chubb* 4431-4436—Material increase of capital since 1860, involving a considerable bonus to the shareholders, *ib.* 4585-4589.

Summary of the loan capital of the Company issued under different Acts, there being no further power of issue, *Chubb* 4968-4973—Last issue of new shares in 1873; doubt as to the price of the old shares having been enhanced in anticipation of allotment of the new shares, *ib.* 4974-4979—Power sought to raise fresh capital to the amount of 1,300,000 *l.*, to be issued in sections, *ib.* 4980-4982.

Belief that the price of existing shares would not be perceptibly raised by a large allotment of new shares at 7 per cent., *Chubb* 4993-4997. 4993, 4994. 5005-5014—Large capital represented by the surplus land at Bromley; good policy nevertheless of this outlay, *ib.* 4995, 4996—Reluctance of witness to admit that there has been any extravagance in the rates at which capital has hitherto been raised, *ib.* 4997-5000.

Expenditure of more than 800,000 *l.* of capital at Bromley, *Kirkham* 5129.

Very wide discretion under the Act of the Imperial Company, as to the mode of raising capital, *Reilly* 7122.

7. *Conversion of Loan Capital into Share Capital:*

Comment upon the conversion by the Imperial Company of its loan capital of 260,000 *l.* into share capital, carrying 10 per cent. dividend, as an instance of wasteful management, involving an additional charge of about 13,000 *l.* a year to the consumer, *Newton* 369-383; *Reilly* 7225. 7254-7258.

Explanation of the circumstances under which during a time of panic in 1866, share capital at 10 per cent. was issued in substitution of loans to the amount of 260,000 *l.* at 5 per cent., which then fell due, and could not be renewed; extra charge of 13,000 *l.* a year thereby, *Chubb* 4740-4770. 4778—Statement as to the foregoing conversion of capital having been recited in the preamble of the company's Bill of 1869, and as to this Bill having been opposed throughout by the Metropolitan Board, *ib.* 4749. 4779-4799—Authority under the Companies Clauses Act for the conversion in question, *ib.* 4761. 4767-4769.

Statement in further justification of the course pursued in converting 260,000 *l.* 5 per cent. loans into 10 per cent. shares, *Chubb* 4868-4879.

8. *Price and Illuminating Power in relation to Dividend:*

Explanation as to the Metropolitan Board having contended for an illuminating power of sixteen candles, in the case of the Imperial Company's Bill of 1869; adoption, however, of only fourteen candles by the Committee on the Bill, but on condition of the dividend on new capital being limited to 7 instead of 10 per cent., *Newton* 54-60. 326-352.

Table

IMPERIAL GAS COMPANY—continued.**8. Price and Illuminating Power in relation to Dividend—continued.**

Table showing the price charged and the illuminating power supplied by the company in each of the years 1869 to 1873, *Gunn* 1716.

Great reluctance with which the company raised the price of gas in 1873-74 on account of the increased price of coal; necessary increase of the former consequent upon that of the latter, *Burke* 3725-3727—Establishment of the company in 1821 without any limitations as to price, &c., it having, however, failed for some years to pay any dividend, *ib.* 3731. 3734—Limitation of dividends to 10 per cent. by the Gas Works Clauses Act of 1847; reserve allowed, which was applicable to back dividends, *ib.* 3731-3733. 3748-3750.

Payment of only 6 per cent. by the company when witness joined it (nearly thirty years ago), though more was earned, which was devoted to enlargement of works, *Burke* 3734—Important restrictions and limitations imposed by the Act of 1860; worse position of the company than previously as regards price, illuminating power, back dividends, &c., *ib.* 3762-3789. 3797, 3798.

Considerable reductions by the company in the price charged to consumers in the years 1860 to 1871, *Burke* 3778-3780. 3790—Ample protection of the public by the Act of 1847; large and voluntary reductions of price by the company under this Act, *ib.* 3840. 3872-3875—Important reductions in price in former years further adverted to as evidence of the company having worked beneficially to the public, *ib.* 4000, 4001.

Statement as to the company having risked a possible estimated loss of 40,000*l.* by supplying at 3*s.* 9*d.* during the present year rather than apply for a second revision; question hereon whether this loss might not have been recouped out of the reserve fund, without the shareholders being prejudiced, *Burke* 4003-4024.

Consideration of the character of the districts of the South Metropolitan and Imperial Companies, and of the density of population in each case as affecting the relative working expenses; doubt as to the latter company having the better district, *Chubb* 4402-4405. 4408-4417—Evidence in explanation and support of a calculation that, according to Mr. Livesey's own figures, it would cost the Imperial Company nearly 4*s.* 1*d.* per 1,000 feet for 16-candle gas, *ib.* 4418-4436.

Maximum dividends paid by witness' company since 1860, whilst it has also put by a reserve fund, *Chubb* 4575-4578. 4581-4584—Statement to the effect that in 1869 a price of 3*s.* 9*d.* would have paid the full dividend of the company, and would have left a surplus, *ib.* 4645-4656—Limited deficiency in 1871 and 1872, the price for half of each year having been only 3*s.* 8*d.*, *ib.* 4657, 4658—Surplus of 21,162*l.* in 1874, at the price of 4*s.* 8*d.*, *ib.* 4659-4664.

Statement of the price charged by the company in each of the years 1869 to 1874, *Chubb* 4444—Tabular statement showing the surplus or deficiency of profits for the maximum dividend in each of the years 1870 to 1873, *Chubb's Ev.* p. 295.

9. Reserve Fund and Operation thereof:

Allowance of a reserve fund and a contingency fund under the company's Act of 1869, *Newton* 345-347—Fixed reserve of 81,250*l.* in the case of the Imperial Company, upon which they may draw in order to make up the dividend, *Gunn* 1659—Further reference to the security for the company's full dividend of 10 per cent. by reason of the reserve, *ib.* 1758.

Consideration of the circumstances of the Imperial Company having been obliged to take about 26,000*l.* from the reserve in order to make up the dividend for the first half year of 1874, *Gunn* 1806-1816—Absence of any guarantee for due care and management, or the foregoing course might not have been necessary; witness, however, does not impute bad management, and is not in a position to prove it, *ib.* 1816-1824.

Value of the reserve fund of 81,250*l.*, provided by the company's Act of 1869 as a means of maintaining an equal price, and as facilitating reduction, whilst it postpones the necessity for increase, *Burke* 3829, 3830. 3837-3849. 4078, 4079—Obligation upon the Imperial Company to have applied for a revision in 1873, as well as in 1874, but for the reserve fund on which they fell back in the former year to the amount of 80,000*l.* in order to make up 10 per cent., *ib.* 3841-3849.

Value of the reserve in obviating further application in 1875 for a revision of price, *Burke* 3861-3865—Comment upon the proposed abolition of the reserve fund as involving a perfect robbery, *ib.* 3866. 3880.

Further reference to the withdrawal of 80,000*l.* from the reserve in order to make up the dividend in 1873, *Burke* 4057-4059.

Reduction of more than 40,000*l.* in the reserve of the Imperial Company in order to make up the dividend in 1870, at the price of 3*s.* 9*d.*, *Chubb* 4850-4854—Gain to the consumers by exhausting the reserve fund in lieu of increasing the price, this counterbalancing any loss in a subsequent year when the reserve is made up, *ib.* 4859-4867—

IMPERIAL GAS COMPANY—continued.**9. Reserve Fund and Operation thereof**—continued.

Conclusion as to the reserve fund being applicable only to contingent deficiencies in dividends, *Chubb* 5015.

See also *Accounts. Cannel and Cannel Gas. Capital. Coals, 6, 10. Coke, 6. Revision. St. Pancras Gas Works. Sliding Scale. Testing. Working Expenses.*

Improvements in Manufacture. Prompt adoption by the Imperial Company of any improvements or economies introduced by other companies in the mode of manufacture, *Burke* 3719-3722; *Kirkham* 5038-5040—Probability of further improvements in manufacture, whereby the cost may be somewhat lessened; costly character of purification improvements, *Woodall* 5741-5748.

Impurity. Letter dated 3rd August 1871, showing that the gas referees concurred in certain complaints as to the increase of sulphur in gas supplied to the City from the works at Beckton, *Shaw* 995—Grounds for objecting to the imposition of penalties for sulphur impurity measured by the day; expediency of a weekly average, *Livesey* 1137-1145—Approval of full restriction as regards sulphuretted hydrogen, this being readily tested, *ib.* 1146-1149.—See also *Purification of Gas.*

Independent Gas Company. Table showing the price charged and the illuminating power supplied by the company in each of the years 1869 to 1873, *Gunn* 1716.

Statement of the price charged by the company in each of the years 1869 to 1874, *Chubb* 4444—Tabular statement showing the surplus or deficiency of profits for the maximum dividend in each of the years 1870 to 1873, *Chubb's Ev. p.* 295.

Insurance Fund. See *Chartered Gas Company, 10. Reserve Funds. Revision, 7.*

Inventions. Higher value of gas shares in the market but for the contingency of some invention superseding gas, *Horner* 5541. 5558, 5559. 5586-5594—Limited weight attached by witness to the contingency of new lights in lieu of gas; no provision or reserve is made by witness' company for such contingency, *ib.* 5586-5594—Risky character of gas property by reason of the possibility of new inventions superseding gas, *Woodall* 5779-5781—Doubt as to the shareholders having much to fear on the score of invention of a new lighting power, *Sir G. Elliot*, 6179.

K.

Keates, Thomas William. (Analysis of his Evidence.)—Is consulting chemist to the Metropolitan Board of Works, and is superintendent of the Gas Examiners; has for many years devoted his attention to gas, 2279-2284—The provisions of the Act of 1860 as regards the testing of gas have never been put in force, 2285-2288—There are six companies under the Act; information as to the district of each, 2287. 2292-2295—Very great inconvenience and inconsistency by reason of the different price and illuminating power in districts served by companies under the Act of 1860, and in districts supplied by companies under the Acts of 1868 and 1869; 2289-2303.

Description of the metal argand burner in use at the time of the passing of the Act of 1860; this corresponds with the prescription in the Act, 2304-2306—Invention of the Sugg-Letheby or steatite burner in 1864; important difference between this and the metal burner, the former giving nearly two more candles from the same gas, 2306-2309—Invention of Sugg's London argand burner after the passing of the Act of 1868, this burner giving about four more candles than that of 1860 and two more than that of 1864; 2310-2321.

Special advantage of the modern burner of 1868 that it provides for the proper combustion or burning of the gas, 2313-2321—Conversion of 14-candle gas, within the meaning of the Act of 1868, into 16-candle gas, as tested by the modern burner, 2318-2320—Conclusion that not only should the illuminating power be prescribed by Act, but the actual burner by which it is to be tested; approval of the proposed deposit of a certified standard burner with the Board of Trade or the Warden of the Stannaries, 2322-2326—Explanation that there is nothing uncommon between the argand test burner and the ordinary burner used by consumers, 2327-2329.

Tabular statement showing, for each of the companies under the Act of 1860, the illuminating power, degree of purity, price, &c., 2330, 2331—Further table, showing the monthly average lighting power of each of the companies under the Act of 1868-69, for the year ending 31st March 1875; 2332, 2333.

Opinion that there should be no limit to the time during the twenty-four hours at which the testings should be made, 2334-2341—Impression that the gas supplied during the day is not quite up to the standard, 2341—Amendment suggested in the clause in the present Bill as to taking the pressure; suggestion that the pressure be taken in the
testing

Report, 1875—continued.

Keates, Thomas William. (Analysis of his Evidence)—continued.

testing room, 2342-2347—Decided approval of its being still left to the gas referees to define the standard of purity; satisfactory working of the existing provisions on this score, 2348-2352. 2379-2386.

Evidence in support of the proposal in the Bill that the gas shall be tested in the district where it is consumed instead of at a place about 1,000 yards distant from the works, 2353-2373—Instances of considerable diminution of illuminating power at a distance from the works, 2360-2369—Exceptional instances of testing stations not in the districts of consumption, so that the proposal on this point in the Bill would not entail much expense, 2370-2378. 2414, 2415.

Fault of the vestries that the Act of 1860 has not been enforced as regards testing, 2387-2393—Admission as to the companies under the Act of 1860 having supplied up to and beyond the prescribed standard of illuminating power, 2394-2396—Entire dissent from a statement by Mr. Sugg, that as regards illuminating power there was no difference between the burner of 1860 and the improved burner of 1864, 2397-2399.

Further statement in favour of 16-candle gas, as measured by the new burner, being required of the companies under regulation to supply only fourteen candles; practical supply of this quality already, 2400-2403—Grounds for the opinion that 16-candle gas (by the modern burner) is sufficiently good for the metropolis, and that a higher standard, involving increased use of cannel, is very undesirable, 2403. 2416-2424—Inability of witness to enter into financial questions as to price and dividends, 2404-2413.

Very high illuminating power in some towns in the north where cannel gas is supplied; instance at Aberdeen, 2420-2422—Disadvantages of cannel gas; limited extent to which now consumed in London, 2423, 2424—Reasons further assigned for not fixing by Act the standard of purity, whereas it is proposed to fix the test burner, 2425-2427. 2446-2449—Excellence of the present burner, which is not likely soon to be improved upon; expediency of its being defined by Act, and of three burners being deposited with different authorities, 2426, 2427. 2430-2437. 2448, 2449.

Doubt as to much leakage where the mains of one company cross those of another, 2428, 2429—Opinion as to the inferiority of Silver's burner to Sugg's new burner, 2430-2433—Very bad burners used by private consumers; waste of gas thereby, 2438-2441—Necessity of using fish-tail burners for the street lamps, 2442-2444—Small consumption of gas by the poorer classes, 2445.

Higher illuminating power supplied by the Chartered than by the Imperial or any other company, 2450-2456—Supply by the London Company in excess of the prescribed standard, 2457—Belief that in provincial towns (save where cannel gas is used) the supply is not as a rule equal to the London supply, 2458-2460.

[Second Examination.]—Evidence to the effect that the pressure should be taken after the gas has entered the house in which the testing-room is situated; impracticability of taking the pressure at the junction of the service-pipe with the main, 7304-7318.

King, William Boughton. (Analysis of his Evidence.)—Is publisher of the "Journal of Gas-lighting," 6250—Submits explanations in connection with a list of the metropolitan and provincial gas companies and local authorities that advanced the price of gas in 1873, with the amount of increase in each case; this list handed in, 6251-6268; and *Ev. p.* 395-397.

Kirkham, Thomas Nesham. (Analysis of his Evidence.)—Long experience of witness as engineer in chief to the Imperial Gas Company, 5016-5021—Entire control by him of the working establishments of the company; authority exercised as regards appointments, extension of works, &c., 5022-5030—Separate accounts kept for each manufacturing station, these being constantly checked against each other, 5031-5034. 5037—Belief that every branch of the manufacturing establishment is conducted with due care and management, 5035, 5036.

Careful investigation of the accounts of other companies, all improvements in manufacture being duly considered, 5038-5040—Due care taken in keeping down the staff, and in retaining labourers near the works, 5041-5043—Preparation by witness of an account showing the coke sales per ton of coals for the years 1867-74; 5044-5049.

Full information supplied by witness on the occasion of the inspection of the works at Bromley by the Revision Commissioners in 1874; 5050-5054—Statement in justification of the bridge constructed by the company over the River Lea and Bow Creek; objections to a bridge of less width and smaller capacity, 5055-5075—Construction of the bridge under the directions of Mr. Peter Barlow, 5076-5078—Justification also of the erection of a clock tower (at a cost of about 600 *l.*); importance of a striking clock in connection with the drawing of the retorts at fixed intervals, 5079-5090.

Conclusion as to the judicious character of the expenditure on a large dock at the Bromley works, 5091-5095—Accommodation for the erection of four retort-houses, each capable of producing 5,000,000 cubic feet daily, 5096-5098—Additional

Kirkham, Thomas Nesham. (Analysis of his Evidence)—continued.

arrangements necessary in course of time as regards purifying apparatus, 5099, 5100.

Large increase in the price of labour in 1871 and 1872, and continued to the present time; improbability of any reduction, 5101-5107. 5117—Means devised for economising labour, so that though wages have much increased since 1870, the per centage of cost has been kept down, 5106. 5117-5128—Failure of attempts to dispense with stoking labour by means of machinery; reference especially to the "Steam Stoker" machine, 5107-5116—Documents submitted showing the advances sanctioned in the scale of wages in November 1871 and October 1872; 5121-5123.

Expenditure of more than 800,000 *l.* of capital at Bromley, 5129—Comparatively small production of gas in proportion to the capital outlay; very much larger production in course of time, for which however further outlay will be required, 5130-5138—Careful inquiries made by the Commissioners when they visited the works, they having been accompanied by a professional adviser, and having understood the explanations given by witness, 5139-5151.

L.

Labour. See *Wules.*

Leakage. Larger leakage of the Chartered and Imperial than of the South Metropolitan Company, *Livesey* 1474. 1476—The Chartered Company did all that was possible to reduce the leakage, *ib.* 1490—Doubt as to much leakage where the mains of one company cross those of another, *Keates* 2428, 2429—Great saving in the score of leakage since the districting and the reduction of mains, *Horner* 5294-5296. 5299, 5300—Heavy loss by leakage when several companies were competing in the same district, *ib.* 5610.

Freedom from leakage on one of the leading mains of the Chartered Company, *Treoby* 6444-6446—Leakage does not affect the illuminating power, *ib.* 6460—Considerable saving by the Chartered Company on the score of leakage, owing to the amalgamations effected, and the consequent reduction of mains, *Evans* 6662-6666. 6697-6701—Very little room for further reduction of leakage, *ib.* 6667—Increased leakage of the Chartered Company in some districts, owing to the double set of mains, for cannel and common gas, *ib.* 6668-6671. 6702-6706.

Special inquiry by the Revising Commissioners in 1873 and 1874, into the subject of unaccounted for gas of the Chartered Company, *Fild* 6757-6759—Large reduction in the loss by leakage, owing to improved arrangements in 1873 and 1874, *ib.* 6760-6762—Considerable increase of gas sold by the Chartered Company per ton of coal in 1874 as compared with 1873; important saving of coal thereby, *ib.* 6763, 6764.

The question of leakage was fully inquired into by the Revising Commissioners, and a very strong caution was given which resulted in a considerable reduction in the following year, *Pattison* 7265, 7266.

Legislation. Opinion that there is not the slightest necessity for any new legislation, *Burke* 3875.

Lime Process. See *Purification of Gas.*

Livesey, George Thomas. (Analysis of his Evidence.)—Is Engineer and Secretary of the South Metropolitan Gas Company; was President in 1874 of the British Association of Gas Managers, and has had a life-long experience of gas manufacture, 998-1003.

Character and extent of the district supplied by the South Metropolitan Company, there being nothing exceptionally favourable about it as compared with the districts of other metropolitan companies, 1004-1009—Uniform dividend of 10 per cent. paid by the Company since 1864, the price having never been higher than 3 *s.* 4 *d.* since 1865, and being now 3 *s.*; 1010-1014—Absence of charge for meter rent, this being equal to 1 *d.* or 1½ *d.* per 1,000 feet, 1015, 1016.

Minimum illuminating power of fourteen candles supplied by the Company under their Act of 1869; excess of this quality by about two candles by the new test burner, 1017-1020—Large increase in the price of coal in 1872, and still more so in 1873, 1021-1023—Maximum price of 3 *s.* 6 *d.* prescribed for the Company's gas under the Act of 1869; it is hoped never to apply for any revision with a view to exceeding this price, 1024-1028.

Result of witness' observation and experience that the revision clauses in the Act of 1868 absolutely protect the companies from all losses of trade or losses from carelessness or bad management, 1029-1034—Conclusion that the consumer is in no way protected by

Livesey, George Thomas. (Analysis of his Evidence)—continued.

by the revision clauses, 1032. 1035—Several elements by which the cost of production is determined, it being inexpedient to authorise any interference in the manufacture or management by an outside body, 1036-1044—Importance of its being to the direct interest of the producers to do the best they can for the consumers, and to supply at the lowest possible price, 1043-1050.

Advocacy of a sliding scale as the best solution of the question under consideration; proposal to this effect by witness in his address to the British Association of Gas Managers in 1874; 1051-1053—Comments by witness in this address upon the operation of the revision clauses as being an incentive to excessive outlay of capital, 1053-1056—Opinion that the local authorities in fixing the initial price at 3 s. 9 d., have dealt with the companies in a spirit of great fairness, 1057-1069—Power of charging for meters, in addition to the price of 3 s. 9 d., 1062-1064—Belief as to the companies generally being able to maintain their full dividends by charging 3 s. 9 d. for 16-candle gas, 1067-1069. 1135, 1136.

Particulars relative to the cost of coal and the cost of gas, as delivered to the consumer by witness' company in the years 1871-74; net cost of 1 s. 11½ d. per 1,000 feet in 1871; 1070-1078—Dividend of 10 per cent. paid on all the capital, this representing between 11 d. and 1 s. upon each 1,000 feet sold, 1079-1085—Withdrawals from the reserve fund in 1873 and 1874, in order to maintain the dividend, the price being kept at 3 s.; an addition of 1½ d. to the price in 1873, and of 2½ d. in 1874, would have answered the same purpose, 1086-1093.

Excess reserve fund of 17,000 l. in 1872, the price having been reduced in order to absorb this amount, of which 5,000 l. still remains, 1092, 1093. 1096. 1103-1105—Sufficiency of a price of 3 s. to pay the full dividend in 1875; 1094-1099—Parliamentary reserve fund of 20,000 l.; belief as to the power of replacing any amount drawn therefrom for maintaining the dividend, 1100-1106—Unsatisfactory working of the requirement as to a minimum illuminating power, under the present system of penalties; suggestion that penalty should not attach if the deficiency were less than one candle, 1107-1134.

Objection to more than 16-candle gas as necessitating the use of cannel which is very expensive and spoils the coke, 1109—Maximum and minimum quality of the gas supplied by witness' company in 1874; 1111—Difficulty in maintain the full illuminating power in severe frosts, 1112-1117—Explanation of the process of testing, in not being possible to determine the quality, with absolute certainty, within half a candle, 1125-1128.

Grounds for objecting to the imposition of penalties for sulphur impurity measured by the day; expediency of a weekly average, 1137-1145—Approval of full restriction as regards sulphuretted hydrogen, this being readily tested, 1146-1149—Expediency of a fixed and uniform standard of quality; approval on this score of Sugg's argand burner, 1150-1159—Satisfaction expressed with the prescribed time of testing, 1160-1164—Very inferior burners frequently used by consumers; steps taken by witness' company in recommending improved burners, 1165-1169—Approval of the provisions proposed as to pressure, 1170-1174.

Higher price of gas coal by 3 s. a ton at the present time than in 1869; 1175, 1176.—Increased value of the tar by 2 s. per ton of coals, 1176, 1177. 1183, 1184—Fluctuating value of the ammoniacal liquor, 1179-1183—Comparison of the relative prices paid for coal and received for coke by witness' company in different years; considerable extent to which an increase in the cost of coal is recouped by the increased value of coke, 1184-1198. 1205-1222.

Production of a chaldron of coke by each ton of coal, 1198—Use of about 30 per cent of the coke for carbonising the coal, 1198. 1201—Production of about 10 gallons of tar and 21 gallons of ammoniacal liquor by each ton of coal, 1202, 1203—Bad policy in storing the coke, 1223-1225.

Necessary withdrawal from the reserve in order to make up the dividend in 1874, a price of 3 s. 2 d. instead of 3 s. being required to pay the full dividend, 1226-1229—Conclusion further expressed as to there being power to dip into the reserve fund for the purpose of dividend, and to replace the sum subsequently, 1230-1233—Explanation as to witness having given evidence in 1874 before the Revising Commissioners, the latter, however, having felt bound to deal with applications for increase of price according to the expenditure of the company applying, 1234-1248—Instances of improvident contract for coal, 1246-1248.

Difficulty in explaining the lower price of the South Metropolitan than of other London companies; anxiety of the former to keep down the price as tending to make the dividend and the property more secure, 1249-1257—Large extent to which the low price is attributable to the system of buying coal, 1255—Explanation relative to the comparatively

Livesey, George Thomas. (Analysis of his Evidence)—continued.

comparatively small capital of the company in proportion to the coal carbonised; large payments out of revenue in former years in aid of capital, a large portion of which had in the first instance been wasted on useless works, 1258-1274.

Appearance of witness before the Committee at the request of the Metropolitan Board; he is not, however, a partisan of either side, 1275—He further submits that a sliding scale offers the best motive to efficient administration, *ib.*—He considers that, in lieu of referees, it would be better to prescribe definitively, by Act, the conditions of purity, illuminating power, and testing, *ib.*

Examination to the effect that the revision was effective in the case of the Chartered Company, as the Commissioners allowed a price of 5 *s.* in lieu of 3 *s.* 9 *d.*, the price asked by the company having been 5 *s.* 2 *d.*, 1276-1302—Investigation of the grounds for witness' statement, that the Commissioners inquired into the question of due care and management in the case of the Chartered Company, but were powerless to act upon the inquiry, 1303-1357—Question as to the personal competency of the Commissioners to inquire into the management, none of them having had any experience on the subject, 1325-1332—Circumstance of the Commissioners, after having evidence relative to the coal contracts of the Chartered Company not having reported upon them as improvident, nor made any abatement in respect of them, 1335-1357. 1512-1518.

Opinion as regards the revision clauses given by Parliament to the Chartered, South Metropolitan, and other Companies, that these cannot in justice be taken away unless an equivalent be given, 1358-1370—Partisan character of much of the evidence called upon the revision, in reference to the price of coal, coke, &c., 1371-1385—Decision of the Commissioners, backed up by the opinion of the law officers of the Crown, that they were powerless, under the Act of 1868, to inquire into the question of due care and management in the past, 1386-1396—Important advantage of the South Metropolitan over other companies in having bought coal cheaper; reduced working expenses owing chiefly to this cause, 1397-1404—Approval of the system of employing one responsible officer for the purchase of coal rather than of purchasing through a committee of directors; sole action of witness for his company in the matter, 1405-1420—Rise and fall in the price of coke very much with reference to the price of coal, 1421-1423.

Objection to the sliding scale proposed by Clause 6 of the Bill, as well as to the proposed amendment by the formation of a reserve fund, 1424-1426—Approval of the sliding scale proposed by the Board of Trade as more fair to the companies than that proposed by the Bill, 1427-1430.

Further explanations relative to the capital of witness' company, the increase thereof since 1850, and the much smaller proportion between the capital and the coal carbonised than in the case of the Imperial and Chartered Companies, 1431-1445—Very moderate capital of all the companies in 1863; 1440—Exception taken to the large expenditure of the Imperial and Chartered Companies on new works, 1445.

Opinion that, as regards expense of distribution, the Imperial and Chartered Companies should work as cheaply as the South Metropolitan, 1446-1449—Nor can witness see why these companies could not have made gas as cheaply as his company in 1873 and 1874; 1450-1452—Better opportunities of large than small buyers for obtaining coal cheaply, 1452.

Great difficulty in the Revision Commissioners reporting that cases of gross bad management had been established, although they have the fullest powers of inquiry, 1453-1460. 1483-1485—Policy of witness' company not to make large contracts in advance for coal, so that in 1873 they paid a higher price than companies with long standing contracts; advantage on the other hand, in 1874, through not having contracts, 1461-1468.

Necessity of witness' company charging a higher price by 6 *d.* if it had the same proportionate capital as the Chartered Company, 1465. 1473, 1474—Increased expense of the Chartered Company through the use of cannel, this, however, being considered in the price of the gas, 1469-1471—Several modes of accounting for the higher prices of the Chartered and Imperial Companies than of the South Metropolitan, in order to pay a dividend of 10 per cent., 1472-1482. 1496-1503—Increase being made in the capital of witness' company; direct inducement to increase on account of the securities for a 10 per cent. dividend, 1481, 1482—Further statement as to the Revision Commissioners not having been able to come to a conclusion upon all the details of management; difficulty also in their obtaining professional advice, 1486-1489. 1523-1528.

Unproductive capital of the South Metropolitan as well as of the Chartered Company, 1498-1505—Dividend of only 5 per cent. for the first five years in the case of the new and unproductive capital issued by the Chartered Company; increase of price necessary for meeting this charge, 1501. 1504-1511.

Absence

Livesey, George Thomas. (Analysis of his Evidence)—continued.

Absence of necessity for revision if the dividend were made dependent on the price, 1519, 1520—Necessary testing for quality if the proposed sliding scale be adopted, 1521, 1522—Practice of the companies generally to charge wear and tear of plant to revenue, 1529-1532—Economical motives as to capital and price by which some, but not all, gas engineers and managers are actuated, 1533, 1534.

Loans. See Capital.

Local Authorities (Metropolis). Circumstance of the local authorities having never fairly tried what the Act of 1860 would do for them, *Burke* 4046-4049.

Provision in the Act of 1868 whereby the local authorities and the companies may now agree on any alteration of price and illuminating power, *Reilly* 7223, 7224.

Local Boards (Provincial Gas Works). List of gas works belonging to local boards or municipal corporations, showing in each case the increase of price in 1873, *Ev. p.* 397.

LONDON GAS COMPANY:

1. *Question as to the Claims of the Company under the Acts of 1860 and 1866.*
2. *Capital.*
3. *Price, Illuminating Power, and Dividend.*
4. *Benefit to the Company by the Districting Arrangement.*
5. *Administration and Management.*
6. *Accounts.*

1. *Question as to the Claims of the Company under the Acts of 1860 and 1866 :*

Legal doubt as to the London Company being still under the Act of 1860, *Newton* 6-8.

Provision in the London Company's Act of 1866 whereby the company was to be subjected to the provisions of subsequent Acts if four or more companies had the price and quality of their gas altered by such Acts, *Stevenson* 3015-3017—Further reference to the section of the London Company's Act of 1866, which witness considers to exclude that company from the Act of 1860; nature of the doubt involved, *ib.* 3312, 3313, 3623-3628, 3637, 3638.

Statement as to the London Company not only being under the Act of 1860, but having had its position strengthened by a private Act in 1866 which empowered it to raise about 400,000 *l.*, *Hawkins* 5808, 5809—Argument that a certain clause of the Act of 1860 does not bring the company under the Act of 1868, and that the company is not in any way under the latter Act, even though the Act may apply to the Commercial Company, *ib.* 5810-5817—Protest against alteration by the present Bill of the terms upon which the company is authorised to raise capital under the Acts of 1860 and 1866, *ib.* 5820-5825.

Rights of the company under the Act of 1866 further adverted to; degree of value to the shareholders of the 6 per cent. allotment under this Act, *Hawkins* 6032-6036—Reiteration of objections to the present Bill as infringing the rights conferred on the London Company in 1860 and 1866; claim of the company to the maximum dividend so long as they keep below the maximum price, *ib.* 6051-6060.

2. *Capital :*

Amount of share capital not called up, entitled to 6 per cent. dividend; injury to the shareholders by substituting stock at a lower per-centage, *Hawkins* 5985-5995—Total of 844,000 *l.* at the present time, including loans; increase since 1860, *ib.* 6010-6016—Undue competition in former years and other causes to which the large capital of the company is attributable, *ib.* 6028-6032.

3. *Price, Illuminating Power, and Dividend :*

Table showing the price charged and the illuminating power supplied by the company in each of the years 1869-73, *Gunn* 1716—Supply by the company in excess of the prescribed standard of twelve candles, as under the Act of 1860, *Keates* 2457.

Obligation upon the London Company by the Act of 1860 to supply twelve-candle gas; as measured by the burner of that year, the quality is equal to from fourteen and a-half to fifteen candles, *Hawkins* 5818-5821—Statement of the prices charged by the company in different years since 1860; maximum of 4 *s.* 6 *d.* charged in 1873, the present price being 4 *s.*, *ib.* 5837-5851—Great doubt as to its being feasible to divide more than 10 per cent. in future, though since 1863 that amount has always been paid, *ib.* 5916-5929.

Explanation as to the London Company's price being 4 *s.* as against 3 *s.* in the case of the South Metropolitan Company; conclusion as to this being mainly owing to the larger proportional capital of the former, and not in any way to more expensive working, *Hawkins* 6005-6031—Low average rate of interest or dividend on the capital of witness' company, *ib.* 6019, 6106.

LONDON GAS COMPANY—continued.**3. Price, Illuminating Power, and Dividend—continued.**

Statement of the price charged by the company in each of the years 1869-74, *Chubb* 4444—Tabular statement showing the surplus or deficiency of profits for the maximum dividend in each of the years 1870-73, *Chubb's Ev.* p. 295.

4. Benefit to the Company by the Districting Arrangement:

Very much better position and dividends of the London Company since 1860 than previously, owing to the districting arrangement and the economy of management rendered feasible thereby, *Hawkins* 5910-5918. 6040-6050.

5. Administration and Management:

The only establishment of the company is at Nine Elms, where the works are on each side of the railway, *Hawkins* 5789-5793—There is a chief engineer in charge, and the expenditure in all branches is carefully checked by the directors, *ib.* 5794-5799—Decreasing proportion between capital and production; scope for largely increasing the supply from the existing works, *ib.* 6106-6111—Conclusion that there is no room for economy in the management, *ib.* 6112, 6113.

Witness controls all the details of manufacture of gas at Nine Elms, all possible care and management being exercised, *Morton* 6213-6218—Opinion that generally the affairs of the company are conducted with all due care and management, *ib.* 6246.

6. Accounts:

Objections to an audit of the London Company's accounts by the Metropolitan Board, *Hawkins* 5873-5875. 5965-5977—Circumstance of the company having no depreciation account, *ib.* 6102-6105—See also *Coals*, 7. *Coke*, 7.

M.

Mains. Necessarily increased expense for leading mains in going long distances out of town, there being at the same time every encouragement to fresh outlay under the present system, *Gunn* 1730-1734.

Very rare instances of old mains being taken up by the Imperial Company; in such cases the new mains are charged to capital, *Chubb* 4390-4396—Further evidence as to the course pursued in dealing with old mains when new ones are put down and charged to capital; long period for which mains are available, *ib.* 4890-4901.

Management. Opinion that there should be a constant motive to economy in the management, and that there should be a community of interests between the shareholders and consumers, *Newton* 140. 147, 148—Fairness of the consumers having some check over the management, as they, rather than the shareholders, are interested therein, *Gunn* 2206-2210—Much less incentive to good management under the revision scheme than if the companies suffered directly from bad management, *Stevenson* 3659.

See also *Capital*. *Coals*. *Coke*. *Due Care and Management*. *Revision*.
Sliding Scale. *Working Expenses*.

Manchester. Probable explanation of the comparatively low prices in Manchester, including the years 1872-73; reference more especially to the small cost of coal, *Hawkins* 6095-6101.

Manufacture of Gas. See *Cost of Production*. *Improvements in Manufacture*.

Marylebone. Supply of cannel and common gas in the parish by the Chartered Company and of common gas by the Imperial Company, *Whitmore* 6470, 6471—Information as to the results of witness' testing of the gas of the Chartered Company; mean illuminating power of 16.6 candles for the five years 1870-74, *ib.* 6471-6487—Extent of variation above and below sixteen candles, *ib.* 6484, 6485. 6526-6543—Satisfactory illuminating power on different days in December 1874, and February 1875, *ib.* 6486, 6487.

Infrequent complaints in the parish as to the quality of the gas of the Chartered Company, or of the Imperial Company, *Whitmore* 6497-6503. 6543-6546—Different sources of supply of the gas of the Chartered Company as tested by witness, *ib.* 6524, 6525.

Meters. Absence of charge for meter rent by the South Metropolitan Company, this being equal to 1 *d.* or 1½ *d.* per 1,000 feet, *Livesey* 1015, 1016—Power of charging for meters in addition to the price of 3 *s.* 9 *d.* proposed by the present Bill, *ib.* 1062-1064—Information in connection with the charge made by the Phoenix Company for meter rents, there being no such charge in the case of the South Metropolitan, *Woodall* 5699-5713—Very few complaints from consumers on the score of meters being out of order, *Evans* 6746-6749.

Metropolitan

Metropolitan Board of Works. Evidence to the effect that the Metropolitan Board neither promoted nor supported the Bill of 1860; *Newton* 4, 5, 245-254, 267-274, 438-442, 846-852—Denial that any breach of faith is involved in the present action of the Metropolitan Board, *ib.* 583-585, 800-807, 858, 859.

Improbability of the Metropolitan Board bringing forward a competing scheme, or a scheme for buying up the companies, if the present Bill be passed and be found satisfactory, *Newton* 586-588—Denial that witness had anything to do with the promotion of the City of London Gas Act of 1868; *ib.* 623-629—Admission as to the Board having been satisfied with the Act of 1868, save as regards the raising of new capital at a dividend of 10 per cent., *ib.* 645-657.

Nonsensical character of the competing Bill of the Board, so that it had to be withdrawn ignominiously, *Burke* 3093, 3920, 3921—Depreciation of any compulsory reduction of the contingent rights of the companies by the Metropolitan Board, *ib.* 4030, 4031.

Constant dread in which the companies are kept by reason of the agitation on the part of the Metropolitan Board, *Chubb* 4720-4724—Interposition of Parliament between the Metropolitan Board and the companies, or the dividends would not have been maintained, *ib.* 4812-4816.

Apprehension that if the proposed sliding scale were applied to witness' company, and admitted of an excess of dividend beyond 10 per cent., the Metropolitan Board would promptly apply to Parliament to upset the arrangement, *Horner* 5423-5430—Constant attacks upon gas property by the Metropolitan Board, *Hawkins* 6064.

See also *Accounts. Act of 1860. Breach of Faith. Competing Bill. Price. Purchase of Works. Regulation Bill. Sliding Scale.*

Monopoly. Respects in which companies in London have, under the districting arrangement, a more secure monopoly within their districts than is enjoyed by companies in provincial towns, *Newton* 314-325—Importance of the monopoly conceded to the companies, in conjunction with the right of paying dividends of 10 per cent.; claim to legislative requirements on both grounds, *ib.* 776-780.

Prejudicial effect of the Act of 1860 in establishing a monopoly, *Shaw* 972-974—Examination in defence of the proposition that, on account of their monopoly, the companies should not divide more than 10 per cent., whilst if the price be raised they are not to divide so much, *Gunn* 2043 *et seq.*

Considerable agitation in 1857, and subsequently, relative to the monopoly practically enjoyed by the companies; this resulted in the Bill of 1860, promoted by the vestries, and opposed by the companies for regulating the monopoly, *Burke* 3757-3762, 3769.

See also *Competition. Districting Arrangement.*

Morton, Robert. (Analysis of his Evidence.)—Is Chief Engineer to the London Gas Company; is President of the British Association of Gas Managers, 6208-6212—Controls all the details of manufacture of gas at Nine Elms, all possible care and management being exercised, 6213-6218—Purchase of coal by the company at the cheapest possible rate; careful analysis as to quality, 6221-6227.

Practice of selling some of the coke at the works and of sending away a large portion in barges, 6227*-6235—Explanation as to the rate of wages paid by the company being in excess of the average rate paid by other companies, 6236-6249—Opinion that generally the affairs of the company are conducted with all due care and management 6246.

N.

Napthaline. Offensive character of the napthaline deposited in the mains in cold weather, *Whitmore* 6492-6494.

Newton, William. (Analysis of his Evidence.)—As Chairman of the Parliamentary Committee of the Metropolitan Board of Works has paid considerable attention to the question of gas supply, 1-3—The Board was not an active promoter of the Bill of 1860; 4, 5—Five of the gas companies, if not six, are regulated by the Act of 1860; power under this Act not only to pay future dividends up to 10 per cent., but to make up back dividends up to that amount, 6-11, 15-18, 68-72—Clause in the General Act of 1847 limiting the dividend; incorporation of this Act with the Act of 1868; 12, 13, 24.

Contention of the Metropolitan Board that the Act of 1868 never intended to guarantee 10 per cent., 14—Rejection of the Bill introduced by the Corporation of London in 1866 for establishing a competing supply in the City, 19, 20—Reference to the Bill of 1867, introduced by the Board of Trade, as adopting the principle of a sliding scale, 21-25—Promotion by the Chartered Company of a Bill of their own before the Select Committee of 1867; refusal, however, of the terms submitted by the Committee, 27-31.

281.

Newton, William. (Analysis of his Evidence)—continued.

Power of purchase in the corporation under the City of London Gas Act of 1868; clauses as to amalgamation in this Act, 32-34—Extensive amalgamations effected by the Chartered Company under the Act of 1868; 35-51—Regulation of the price for the Chartered Company's district at 3 s. 9 d., with an illuminating power of sixteen candles, the price being subject to revision, 42-45—Enormous works erected by this company at Beckton-on-the-Thames, 52, 53—Legislation promoted by the Imperial Company in 1869, the price being 3 s. 9 d. for 14-candle gas, the reserve fund being fixed at 81,000,000 l., 54-60—Price of 3 s. 6 d. in the case of the South Metropolitan Company, for 14-candle gas, 61-64.

Applications by the Chartered Company for a revision of price in 1873 and 1874, the price having been first raised to 4 s. 4 d., and subsequently to 5 s., which terminated on 31st December last, 73-77. 80-82—Increase of the Imperial Company's price to 4 s. 8 d. in 1874, up to the end of the year, 78-82—Information relative to the price and illuminating power in the case of each of the other companies; that is, under the Act of 1860; 83-99—Supply of 16-candle gas only by the Chartered Company, 100—This company has now about one-third of the lighting power of the metropolis, 100-103.

Action of the Metropolitan Board outside the City, and of the Corporation of London within the City, as regards revision of prices, 104, 105—Objection by the Board to any diminution of the illuminating power, the question at the revision having always turned upon the price, 106-110—Very unsatisfactory working of the revision clauses as regards the public, 111-135—Effect of the revision clauses in securing a 10 per cent. dividend to the companies, 111. 135—Great disadvantage of the Metropolitan Board in not being able to obtain from the companies the full information necessary in fighting them before the Revising Commissioners; reference especially to the want of power of inquiry as to the capital expenditure, 109-123. 136.

Comment upon the system by which the price of the Chartered Company is so regulated as to allow 1 per cent. to be carried to the contingency fund, the latter being used, when necessary, to make the dividend up to 10 per cent., 124-136. 139—Conclusion as to its being comparatively indifferent to the companies under the present law, and the regulations in regard to revision, whether coal is cheap or dear; exceptional position of the companies, as manufacturers, in this respect, 137-139—Opinion that there should be a constant motive to economy, and that there should be a community of interests between the shareholders and consumers, 140. 147, 148.

Object of the Bill before the Committee to secure, as far as possible, uniformity in the provisions for the supply of gas in the metropolis, and to raise the illuminating power generally to the standard of the Chartered Company, 142. 160-180—Statement showing the strong remonstrances submitted to the Metropolitan Board by the numerous vestries and district authorities against the applications for a revision and increase of price of the Chartered Company in 1874; 142-146—Inducement to due care and management by making the dividend depend upon the price, so that the former should be reduced if the latter were raised, 147, 148. 190.

Explanation of the grounds upon which the Metropolitan Board introduced a Bill for the purchase of the companies, and another Bill for new works, as a competing scheme, 149-157—Regulation of the Chartered Company both outside and within the City by the City Gas Act of 1868; that is, including the companies absorbed by amalgamation, 152, 153—Statement showing the circumstances under which the Purchase Bill was withdrawn at the suggestion of Government, and the Regulation Bill (now before the Committee) alone proceeded with, 157-159.

Important improvement since the Act of 1860 in the test burner with reference to which it was provided that 14-candle gas should be supplied; under similar circumstances, the present test-burner would show a light of 16 candles with the same gas, 161-174—Obstacles to the test-burner being used by all private consumers, 164-168. 180—Importance of the test-burner being like a standard measure, and of the price being restricted irrespectively of improvements in the burner, 176-179.

Proposition by the Bill that for every penny charged in excess of 3 s. 9 d. per 1,000 feet, the rate of dividend shall be reduced by 5 s. per 100 l.; 181. 190—Experienced and competent authorities consulted in fixing the maximum price in the present Bill at 3 s. 9 d., 181-183—Lower rate at which gas should be produceable in 1875 than in 1868; enormous increase of consumption adverted to on this point, 184-186—Circumstance of one of the companies now supplying 14-candle gas at 3 s., 187-189.

Evidence in explanation and support of certain manuscript clauses providing for the creation of a dividend deficiency fund when prices are low, so as to prevent sudden diminution of dividend or increase of price, 191-201—Addition of the manuscript clauses in order to meet objections raised on the part of Government to the 6th clause, 192-196.

Necessity of considering the question of illuminating power in conjunction with that of price, 202, 203—Tendency to a diminished consumption of cannel gas, an illuminating power

Newton, William. (Analysis of his Evidence)—continued.

power of sixteen candles being calculated to give general satisfaction, 204-206—Objections to the present system of referees, it being proposed that one should be appointed by the Board of Trade, one by the local authorities, and one by the companies, 207-211-226—Explanation of the object of an amended clause proposed, to the effect that the average of the daily testings shall be deemed to represent the illuminating power of that day, 211-3*-215.

Grounds for the conclusion that the amalgamations since 1860 have been disastrous to the consumers, 216-220*—Increased price to consumers in the City in consequence of the amalgamation of the Great Central Gas Company with the Chartered Company, 220—Very few private producers in the metropolis, 221, 222.

Understanding between the companies previously to 1860, as to the area or district to be served by each; legal assignment of districts by the Act of that year, 224, 225. 232-235. 239-243—Probability of consumers being better satisfied in the district of the Chartered Company than in other districts, on account of the higher illuminating power prescribed in the former case, 227-231—Explanation that the companies included in the Act of 1860 and in the present Bill do not quite cover the area of the Metropolitan Board, 238.

Grounds for the conclusion that the Metropolitan Board were not the promoters of the Bill of 1860; support of the Bill by the companies upon sanction being given to the districting arrangement, 245-254. 267-274—Important advantage to the companies by the abolition of competition under the Act of 1860, whilst they were allowed to make up back dividends to 10 per cent., 253-266—Instance in the case of the Great Central Company of the advantage secured in the way of price under the Act of 1860; 262-264.

Examination as to the conclusions arrived at by Lord Cardwell's Committee in 1867 and 1868 upon the question of a Regulation Bill; adoption of a Regulation Bill in passing the City of London Gas Act of 1868; 281-299—Statement as to the City Gas Act of 1868 having been brought in as a Metropolitan Bill, and as to the companies inside the City having consented to accept the Bill, 300-313—Respects in which companies in London have, under the districting arrangement, a more secure monopoly within their districts than is enjoyed by companies in provincial towns, 314-325.

Explanation as to the Metropolitan Board having contended for an illuminating power of sixteen candles in the case of the Imperial Company's Bill of 1869; adoption, however, of only fourteen candles by the Committee on the Bill, but on condition of the dividend on new capital being limited to 7 instead of 10 per cent., 326-352—Allowance of a reserve fund and a contingency fund under the Imperial Company's Act of 1869; 345-347—Opinion that the regulations now proposed will be mutually advantageous to the Imperial Company and the public; that is, if the former exercise due care and management, 353-357.

Doubt as to the Imperial Company finding it necessary, under the proposed sliding scale, to raise its price much as there would be a proper motive to economy, 358-362—Denial that under the Imperial Company's Act of 1869, there is full power to inquire properly into the question whether capital has been wastefully expended, 363-368. 384-387—Comment upon the conversion by this company of its loan capital of 260,000 l. into share capital, carrying 10 per cent. dividend, as an instance of wasteful management, involving an additional charge of about 13,000 l. a year to the consumers, 369-383.

Calculation as to the decrease of dividend necessary in the case of the Chartered Company, under the sliding scale arrangement, if it had been in force in 1873 and 1874; 390-397—Doubt as to the authorship of the sliding scale; probability of its having originated with Mr. Fairer of the Board of Trade, 398, 399—Belief that a sliding scale already exists in an Act relating to the West Ham Gas Company, 398—Conclusion further expressed as to the advantage of the additional clauses proposed with a view to the formation of a reserve when prices are low, in order to keep up the dividend when prices are high, 400-418.

[Second Examination.]—Further evidence as to the introduction of the provision for a reserve fund in connection with the sliding scale arrangement, and as to the extent of approval thereof on the part of the Board of Trade, 419-426—Consideration of the objection raised by Sir Stafford Northcote on the ground that the sliding scale scheme, as first proposed, was a breach of existing arrangements; denial that the Bill as proposed to be amended is open to this objection, 427-436.

Further statement that the Metropolitan Board were no parties to the Act of 1860, they having opposed the Bill in the interests of the consumers, 438-442—Question further considered as to Mr. Cardwell's Committee in 1867 or 1868 having approved disturbance of the arrangements or terms under the Act of 1860; reference hereon to the passing of the City Gas Act of 1868; 443-458—Summary of the terms obtained, respectively, by the Imperial and South Metropolitan Companies under their Acts in 1869; 458-471—Opposition of the Metropolitan Board to the Chartered Company's

Newton, William. (Analysis of his Evidence)—continued.

Bill of 1868, in so far as it is proposed to raise new capital at a dividend of 10 per cent., 472-476.

Very large capital raised by the Chartered, Imperial, and other companies, since the legislation of 1868; since 1860 the capital has probably doubled, 477-489 — Argument that the dividend of 10 per cent. on capital raised under the Act of 1868 and 1869 is only guaranteed upon condition of the exercise of due care and management, 490-492. 583-585 — Belief that it can be established by other witnesses that with improved management gas can be produced and sold in London at a lower price than at present, whilst the prescribed dividend, as well as the contingency and reserve funds, can be maintained, 493-499.

With regard to the price of 3 s. 9 d. per 1,000 feet, as adopted by the legislation of 1868-69, witness believes that gas may now be produced at a less cost than in 1869; impression that gas coal is cheaper, 500-506 — Opinion that the companies generally would, by the exercise of increased care and economy, have equally maintained their dividends in 1873, if the proposed sliding scale had been in operation, 510-523 — Dissent from the conclusion that a rise in the price of coal necessarily adds to the cost of production; such rise may be covered by the increased price obtained for the coke and other residuals, 524-545. 600-603 — Very large receipts from the sale of tar and ammoniacal liquor, 529-532.

In provident contracts of the companies at the time of the inquiry before the Revising Commissioners, when the price was calculated by the latter so as to return a dividend of 10 per cent. 543-551 — Argument that in prolonged periods of high prices of coal the loss should be shared between the gas manufacturers and the consumers, if the former are not sufficiently protected by the proposed reserve fund, 552-560. 603.

Circumstance of the Board of Trade having adopted the proposal for a sliding scale up and down, the Metropolitan Board having proposed a reserve fund as a means of equalising the dividends, 561-563 — Explanation with further reference to the amendment proposed as regards the average of the daily testings being taken, 564-568.

Consideration of the actual effect of Clauses 48 A and 48 B, relative to the dividend deficiency fund, in conjunction with Clause 6, relative to the sliding scale; admission that the former do not provide for a dividend of 10 per cent. being always paid, 569-582 — Witness does not admit any breach of faith under Clause 6, as the claim to a 10 per cent. dividend is only conditional, 583-585.

Improbability of the Metropolitan Board bringing forward a competing scheme, or a scheme for buying up the companies, if the present Bill be passed and be found satisfactory, 586-588 — Impossibility of the companies being in a more favourable position than at present, witness submitting, however, that the position is not a proper one, 589-592 — Doubt as to its necessarily resulting from the Bill that the market value of the companies' shares would be lowered, or that they might be bought up altogether at a reduced rate, 593-599 — New life to be thrown into the management under the principle of a sliding scale; great incentive to economy thereby, 597.

Respects in which the legislation of 1868 did not fully carry out the views expressed by Lord Cardwell's Committee in 1867; that is, as regards the question of price, 604-612 — Explanation in further reference to Lord Cardwell's Committee not having recommended a Regulation Bill in 1867, there having been no competing Bill before the Committee, 613-622 — Circumstance of Mr. Cardwell having objected to the legislation of 1860 as unsatisfactory, 620, 621.

Denial that witness had anything to do with the promotion of the City of London Gas Act of 1868; 623-629 — Withdrawal by the Imperial Company of their Bill of 1868, rather than submit to the terms prescribed, 630-632 — Circumstances under which the Chartered Company accepted the terms and restrictions imposed by Lord Cardwell's Committee in 1868, and came under the City of London Act, the two other City Gas Companies subsequently amalgamating with the Chartered Company, 633-644.

Admission as to the Metropolitan Board having been satisfied with the Act of 1868, save as regards the raising of new capital at a dividend of 10 per cent., 645-657 — Experience has shown, however, that the revision clauses are altogether unsatisfactory; conclusion as to the necessity for their amendment, 651-680 — Amalgamation policy of the Chartered Company adverted to as in accordance with the legislation of 1868, whilst experience has shown that this was very mistaken policy as regards the interests of the consumers, 681-692.

Argument that the Metropolitan Board were perfectly justified in their efforts to cut down to 7 per cent. the dividend on the large amount of new capital raised by the Chartered Company under the Act of 1868; 693-704. 864-867 — Admission as to the Chartered Company having supplied full information when specially required to do so in view of revision; expediency, however, of a power of obtaining such information at any time, 705-717.

Explanation that an inquiry into capital is not proposed by the Bill of the Metropolitan Board,

Report, 1875—continued.

Newton, William. (Analysis of his Evidence)—continued.

Board, the revision clauses having been expunged, 727-729—Opinion that if the proposed sliding scale be adopted it will be unnecessary to inquire into the question of due care and management, 729—Insufficiency of the inquiry before a Parliamentary Committee as a check upon future capital expenditure, 730-732.

Interest of the directors of the companies in increased capital expenditure, under the present system of guaranteed dividend; under this system the direction should rest with the consumers, 733-739—Proposal made by the Metropolitan Board under a former Bill to purchase the companies at their market value, with a consideration for compulsory purchase; unreasonable demands of the Chartered Company as to the basis of purchase, 740, 741.

Explanation as to no specific price having been named in the Works Bill or in the Purchase Bill deposited by the Metropolitan Board, 742-747—Opinion as to the fairness of the proposed initial price of 3 s. 9 d.; 748—Circumstances under which a maximum price of 4 s. 6 d. was contemplated in the earlier consideration of the question by the Board, 749-757.

Examination as to the grounds for witness' argument that if prices go up to an exceptionally high rate the increase of burden should be equitably borne between the producers and the consumers, 757-790—Importance of the monopoly conceded to the companies, in conjunction with the right of paying dividends of 10 per cent.; claim to legislative requirements on both grounds, 776-780.

Estimated expense of not more than 3,000 L in connection with the Purchase Bill and Works Bill, promoted and withdrawn by the Metropolitan Board, 790-796—Original adoption of the revision clauses by Lord Cardwell in the view of the price going down, an increase of price having never been contemplated, 797-799—Further denial that there is anything dishonest in the present action of the Metropolitan Board, and in their attempt to correct the defects or blunders of former legislation, of which at the time they approved, 800-807.

Perfectly satisfactory manner in which the Commercial Gas Company have carried out the provisions of the Act of 1860, in regard to price, &c., 808-812—Reference to the Regulation Bill of the Metropolitan Board as proposing a 5 per cent. dividend deficiency fund in lieu of a 10 per cent. reserve fund, as at present; willingness of the Board to reconsider the question as to the annual percentage to be appropriated, 814-818. 837-839—Examination to the effect that under the sliding scale scheme any reduction of dividend by excess of the price of 3 s. 9 d. in any year is not to be made up in a subsequent year when the price is below 3 s. 9 d.; 819-845.

Evidence in further proof that the Metropolitan Board neither promoted nor supported the Bill of 1860; 846-852—Denial that there is anything inconsistent in the present Committee recommending a Regulation Bill applicable to all the companies; adoption thereby of the principle proposed by the Board of Trade, 853-857—Absence of any bargain between the consumers and producers in reference to the revision clauses of the Bill of 1868; objection raised at the time by the companies, 858, 859.

Payment out of the consumers' pockets of every shilling of increased expenditure on salaries, &c., under the present system of guaranteed dividends up to 10 per cent., 860, 861—Opportunities for reduction in the cost of supply, not only by improvements in manufacture and by increased value of residuals, but by the density of the supply, 862, 863—Illustration, in the case of the City of London, of the reduced price at which gas may be delivered profitably where there is a density of supply, 863.

Nottingham. Particulars relative to the case of Nottingham, and the very beneficial operation of the compulsory auction clauses adopted by the local gas company in successive Acts, *Stevenson* 3245-3251. 3257. 3261-3267. 3281. 3543-3547. 3550*—Impression that the Nottingham Company is the only one that has voluntarily adopted the auction clauses, *ib.* 3279, 3280. 3540-3547.

O.

Officials (Act of 1868). Unduly large number of officials, and undue expense in working the Act of 1868, *Reilly* 7217-7221—Improvement if the gas referees, Revision Commissioners, and other officials were combined into one body, which should continually intervene between the consumers and the companies, *ib.* 7218. 7221-7223. 7232.

Opening the Streets. Benefit expected in the City from the Act of 1860 in reducing the inconvenience and expense of opening the streets for mains, whereas the saving on this score has been followed by increased prices to the consumers, *Shaw* 873. 967-975.

P.

Palmer, Charles Mark (Member of the House). (Analysis of his Evidence.)—Immense supply of coal by witness' firm to the London markets, 6185, 6186—Great difficulty in predicting for any length of time what the price of coal may be; improbability of any marked advance for the next few years, on account of the depressed state of the iron trade, 6187-6195, 6200, 6201—Effect of increased wages in decreasing the production of coal, 6189—Important increase in the cost of production owing to the operation of the Mines Regulation Act, 6192, 6202-6205.

Conclusion adverse to the adoption of the proposed sliding scale in the case of the London gas companies, 6196-6199—Less direct or immediate effect upon the price of gas coal than of other coal by a revival of the iron trade, 6200, 6201.

Patterson, Robert Hogarth. (Analysis of his Evidence.)—Was one of the gas referees appointed by the Duke of Richmond as President of the Board of Trade in 1868; ceased to act on 1st September 1872; 2880-2882—Use of the Sugg-Letheby burner at the time of the appointment of the gas referees, this giving two more candles with the same gas than the test burner of 1860; 2883-2886—Further increase of two candles by the use of Sugg's London argand burner, adopted by witness and his colleagues in lieu of the Sugg-Letheby burner, there being thus a total advance of four candles or thereabouts beyond the results shown by the old burner, 2887-2892, 2923-2930, 2992-2998.

Very careful inquiry made by witness and the other referees into the different kinds of burners in public use; great deficiency of many of these, 2893-2896—Very imperfect definition of the standard burner under the Act of 1860; 2897-2902, 2988-2991—Nature of the advantage of the present standard burner over those of 1860 and 1864; improvement since its first introduction, 2903-2909, 2935-2939—Conclusion as to its being essential to prescribe by Act a well-defined burner, in addition to fixing the illuminating power, 2910-2912, 2921, 2922—Fitness of the present standard burner as well as the burner of 1864 for use by general consumers, 2913-2920.

Doubt as to the proper authority for selecting the standard burner under the Act of 1860; duty of witness when referee to deal only with the companies under the Acts of 1868-69; 2931-2934, 2988-2998—Examination as to the personal fitness of witness for the position of gas referee, and as to the circumstances under which he was appointed and was not continued in office after 1872; 2947-2978—Explanation with reference to a certain patent taken out by him, and to the litigation on the subject with the Chartered Company, 2963-2967.

Pattison, W. P. (Analysis of his Evidence.)—Was one of the Revision Commissioners in 1873 and 1874; 7262, 7263—Considers that the Commissioners had full power of investigation, which they exercised to some extent as regards the mode in which capital had been raised, 7264—The question of leakage was fully inquired into, and a very strong caution was given, which resulted in a considerable reduction in the following year, 7265, 7266—Individually witness came to the conclusion that capital had not been raised in the interest of the consumers, and had been unnecessarily expended, 7267, 7291, 7296-7303.

Conclusion also that self-interest had not been brought sufficiently into play as regards economy in manufacture, 7268-7272—Operation of the insurance fund and reserve fund in rendering nugatory the action of self-interest, 7270, 7271—Result of full inquiries by witness that in purchases of coal the interest of the consumers had not been sufficiently considered, 7271, 7272.

Evidence to the effect that the Commissioners should be empowered to disallow dividend in respect of any portion of the capital expended unnecessarily or in excess, 7273-7295—Instances of excessive expenditure of capital on the part of the Imperial Company; that is, on the works at Bow Common and not at Fulham, 7296-7303.

Peel, Sir Robert (the late). Circumstance of Sir Robert Peel having passed an Act in 1844, whereby Government might buy future railways on securing to them 10 per cent., *Burke* 3879.

Penalties. See *Illuminating Power*, 7.

Petitions. List of Petitions against the Bill, *Rep.* vi, vii.

PHŒNIX GAS COMPANY:

1. *Claim by the Company to continue under the Act of 1860.*
2. *Capital; explanation as to the large Amount thereof.*
3. *Price, Illuminating Power, and Dividend.*
4. *Beneficial Effect of the Act of 1860, and of the Districting Arrangement*
5. *Comparison with the South Metropolitan Company.*
6. *Reserve Fund.*
7. *Accounts and Management.*

1. Claim

Report, 1875—continued.

PHŒNIX GAS COMPANY—continued.

1. *Claim by the Company to continue under the Act of 1860:*

The Phœnix Company is under the Act of 1860, has no measure before Parliament, and strongly protests against being placed under the restrictions of the present Bill and the provisions as to a sliding scale, *Horner* 5155-5160—The company's operations have been carried on satisfactorily under the Act of 1860, and there are very few complaints on the part of the public, *ib.* 5160-5162. 5233-5260.

Further protest against any alteration of the legislation by which the company is governed and under which it has given satisfaction, *Horner* 5363-5365.

2. *Capital; explanation as to the large Amount thereof:*

Particulars relative to the different amounts of capital entitled to different rates of dividend, this including a sum of 144,000 *l.* at 5 per cent. derived from capitalised profits, *Horner* 5163-5172. 5413-5422. 5495-5498. 5520-5607—Care taken not to call up any capital before it is required, there being no unproductive capital, *ib.* 5361—Power of the company to have distributed in dividends the accumulated profits allowed to be capitalised under the Act of 1864, *ib.* 5472-5476. 5502-5504. 5602-5607.

Much larger proportionate capital of the Phœnix than of the South Metropolitan Company, this accounting for the price of 4 *s.* as against 3 *s.*, *Horner* 5488-5496—Former competition in the Phœnix Company's district, which chiefly accounts for the large capital, *ib.* 5494-5497—Paid up capital of 1,027,000 *l.*; large proportion raised since 1860 on account of the increased supply of gas and the necessity for new works, *ib.* 5498-5514—Power of calling up 162,000 *l.* more capital, entitled to 10 per cent, *ib.* 5515-5517.

Dissent from the inference that the large capital of the company is attributable to the fact that the dividends have been secure since the Act of 1860; witness repudiates the idea of the directors having been actuated by this consideration, *Horner* 5517-5528—Market value of the different shares adverted to, in connection with the advantage of allotments to the shareholders; difficulty in placing all the 7½ per cent. stock in 1864, *ib.* 5529-5543.

Difficulty in the company now raising capital by the issue of stock at 5 per cent., although the consumers have to pay a rate yielding 10 per cent., *Horner* 5553-5559—Considerable portion of 7½ per cent. capital not called up, so that an application to Parliament will not be necessary for some years, *ib.* 5595-5601—Issue of more than 100,000 *l.* of share capital by the Phœnix Company between 1866 and 1873, *ib.* 5614, 5615.

Considerable decrease since 1869 in the proportion between capital and every 1,000 feet of gas sold, *Woodall* 5640-5646—Much larger proportionate capital of the Phœnix than of the South Metropolitan Company, this chiefly accounting for the higher price charged by the former large increase of capital since 1860; *ib.* 5720-5723. 5727-5731.

Statement of capital employed, coals carbonised, and gas made by the company in the years 1860 and 1873, *Ev. p.* 398.

3. *Price, Illuminating Power, and Dividend:*

Table showing the price charged and the illuminating power supplied by the company in each of the years 1869 to 1873, *Gunn* 1716—Statement of the price charged by the company in each of the years 1869 to 1874, *Chubb* 4444—Tabular statement showing the surplus or deficiency of profits for the maximum dividend in each of the years 1870 to 1873, *Chubb's Ev. p.* 295.

Dividend of 10 per cent. paid by the company on its old capital of 540,000 *l.* and of 7½ per cent. on 360,000 *l.* authorised in 1864, *Horner* 5163-5172—Restriction of the price to 4 *s.* 6 *d.* under the Act of 1860, there being, however, power to go up to 5 *s.* 6 *d.*, subject to the consent of the local authority, *ib.* 5180-5182. 5193, 5194—Different prices formerly for the London and country districts; uniform price now charged, *ib.* 5213-5226. 5261, 5262.

Great improbability of the company being able to pay more than 10 per cent., besides making up the reserve to its full amount, *Horner* 5477-5483—Frequent reduction of price, although the reserve was at a low figure, *ib.* 5484-5487—Reliance placed upon the Acts of 1847, 1860, and 1864, as justifying the dividends paid by the company, *ib.* 5580-5585.

Much smaller amount per 1,000 feet of gas required to pay dividend in 1874 than in 1869, *Woodall* 5646, 5647—Average of about 8 per cent. as the rate of dividend on capital, *ib.* 5648, 5649.

Return of the dividends paid by the company since its formation in 1824, *Ev. p.* 398.

4. *Beneficial Effect of the Act of 1860, and of the Districting Arrangement:*

Summary of prices charged by the company previously to and since 1860; voluntary reductions since the latter year, the dividends being at the same time maintained, *Horner* 5206-5232. 5254-5260—Information relative to the dividends between 1847 and 1860 as compared with those in the years 1860 to 1874; very prosperous condition of the company

PHŒNIX GAS COMPANY—continued.**4. Beneficial Effect of the Act of 1860, and of the Districting, &c.**—continued.

under the Act of 1860, the consumers also having had no reason to complain, *Horner* 5233-5260—Improved dividends of the company owing to the districting arrangement, *ib.* 5406-5448. 5465-5467.

See also *Cannel, and Cannel Gas. Coals, 8. 10. Coke, 8.*

5. Comparison with the South Metropolitan Company :

Explanation as to part of the district of the Phœnix Company being parallel with that of the South Metropolitan; supply of opposite sides of one street by the two companies, the present price of the latter company being 3s., and of the former 4s., *Horner* 5379-5387.

Lower average dividend upon the stock of the Phœnix than of the South Metropolitan Company, whilst the cost of manufacture is quite as low in the former case; explanation hereon as to the higher price of the Phœnix Company, *Horner* 5547-5552.

Requirement of about 4d. more per 1,000 feet to pay the Phœnix dividend than the South Metropolitan dividend, *Woodall* 5652, 5653—Average of about 5d. more per 1,000 feet charged by the Phœnix than the South Metropolitan Company in the years 1869 to 1873, *ib.* 5654-5660.

Higher charge of the Phœnix Company than of the South Metropolitan for wear and tear, or renewals, whilst for wages and other working expenses the former company has an advantage over the latter, *Woodall* 5665-5681.

Table explaining how the difference in prices charged for gas by the Phœnix and South Metropolitan Companies is accounted for, p. 359.

6. Reserve Fund :

Reserve fund of only 16,200 l. at the end of 1873, whereas the company might have added 100,000 l. to the fund but for the voluntary reductions in price, *Horner* 5263-5274.

7. Accounts and Management :

Separate accounts at the three stations of the company; check thereby upon the manufacturing and working expenses, *Horner* 5275-5280—Comparison made also with the accounts of other companies, *ib.* 5281—Separate engineer over the Greenwich station, there being another in charge of the stations at Vauxhall and Bankside, *ib.* 5282.

Witness, as chief engineer, has entire charge of the manufacturing stations at Vauxhall and Bankside, *Woodall* 5616-5623—Careful comparison of the accounts of the two stations against each other, *ib.* 5624.

Pole, Dr. William. (Analysis of his Evidence.)—Is a Civil Engineer and one of the Gas Referees, 7319—Submits grounds for the conclusion that testing for pressure at any one point cannot be taken as evidence of insufficient pressure at other places upon which to found a penalty; amendment suggested, 7320-7333—Great difference in pressure according to difference of level, 7320—Opinion that clause 84 in the Act of 1868, as to testing for pressure, may be made to work satisfactorily for the companies and for the consumers; check desirable by means of the officers of the Board of Works, 7327-7333.

Duty of the referees as to prescribing the mode to be adopted for testing and recording the pressure; statement hereon as to the referees not having legal power to specify the exact times when the testings shall take place, 7334-7348.

Entire change made in the position of the testing place by clause 20 of the present Bill, 7349—Advantage of the testing place being near the works instead of in the district, 7350. 7354—Prohibition by clause 20 upon the referees prescribing a testing place near the works, as well as in the district, 7351-7353. 7356.

Poorer Classes. Small consumption of gas by the poorer classes, *Keates* 2445.

Population (Area of Supply). Witness submits an estimate, and gives explanations thereon, relative to the population of the districts lighted by the different companies, *Gunn* 1538-1545.

Preamble of the Bill. Unanimous conclusion of the Committee in favour of passing the preamble of the Bill p. 463.

Statement by counsel for the associated companies, that these companies had determined to take no further part in the discussion of the Bill, the preamble having been passed, p. 464.

Pressure. Approval of the provisions proposed by the Bill as to pressure, *Livesay* 1170-1174—Amendment suggested in the clause in the Bill as to taking the pressure; suggestion that the pressure be taken in the testing room, *Keates* 2342-2347—Instances of complaint as to sudden increase of pressure; advantage if there were more uniformity between the night and day pressure, *Whitmore* 6503-6515. 6543.

Report, 1875—continued.

Pressure—continued.

Evidence to the effect that the pressure should be taken after the gas has entered the house in which the testing-room is situated; impracticability of taking the pressure at the junction of the service pipe with the main, *Keates* 7304-7318.

Grounds for the conclusion that testing for pressure at any one point cannot be taken as evidence of insufficient pressure at other places upon which to found a penalty; amendment suggested, *Pole* 7320-7333—Great difference in pressure according to difference of level, *ib.* 7320.

Opinion that clause 84 in the Act of 1868 as to testing for pressure may be made to work satisfactorily for the companies and for the consumers; check desirable by means of the Board of Works, *Pole* 7327-7333.

Amendment by the Committee of clause 8 of the Bill, *p.* 467.

Duty of the referees as to prescribing the mode to be adopted for testing and recording the pressure; statement hereon as to the referees not having legal power to specify the exact times when the testings shall take place, *Pole* 7334-7348.

PRICE:

1. *Maximum Price allowed to each Company under the Acts of 1860 and 1868; actual Price charged.*
2. *List of Prices in London and the Provinces in 1873, showing the Increase in each Case.*
3. *Generally as to the Proposal to fix the Initial Price at 3 s. 9 d.*
4. *Price required by each Company in proportion to its Capital.*
5. *Less Objection by the Public to the Price than to large Dividends.*

1. *Maximum Price allowed to each Company under the Acts of 1860 and 1868; actual Price charged:*

Maximum price of 4 s. 6 d. in the case of the companies under the Act of 1860, the illuminating power having been fixed at twelve candles; prices now charged and illuminating power supplied, *Newton* 6-11. 15. 83-99—Regulation of the price for the Chartered Company's district at 3 s. 9 d., with an illuminating power of sixteen candles; the price being subject to revision, *ib.* 42-45—Price of 3 s. 9 d. in the case of the Imperial Company, the illuminating power being fourteen candles, *ib.* 54-59—Price of 3 s. 6 d. in the case of the South Metropolitan Company, for fourteen-candle gas, *ib.* 60-64.

Table explanatory of the price charged and illuminating power supplied by each of the companies in the several years 1869 to 1874, *Gunn* 1716.

Allowance made by Parliament for increase of price under the Metropolis Act of 1860, *Burke* 3728—Explanation in connection with table showing the prices charged in the years 1869 to 1874 by the companies under the revision clauses of the Acts of 1868-69, and by the companies under the Act of 1860; average of 3 s. 10 d. in the latter case, and of 3 s. 8 d. in the former, *Chubb* 4444-4447—Explanation of table showing for each of the London companies, for the years 1870 to 1873, the prices charged, and surplus or deficiency of profits for the maximum dividend, *ib.* 4448-4453.

2. *List of Prices in London and the Provinces in 1873, showing the Increase in each Case:*

Explanations in connection with a list of the metropolitan and provincial gas companies and local authorities that advanced the price of gas in 1873, with the amount of increase in each case; this list handed in, *King* 6251-6268; and *Ev.* p. 395-397.

3. *Generally as to the Proposal to fix the Initial Price at 3 s. 9 d.:*

Experienced and competent authorities consulted in fixing the maximum price in the present Bill at 3 s. 9 d., *Newton* 181-183—Circumstance of one of the companies now supplying fourteen-candle gas at 3 s., *ib.* 187-189.

Belief that it can be established by other witnesses that with improved management gas can be produced and sold in London at a lower price than at present, whilst the prescribed dividend, as well as the contingency and reserve funds, can be maintained, *Newton* 493-499—With regard to the price of 3 s. 9 d. per 1,000 feet, as adopted by the legislation of 1868-69, witness believes that gas may now be produced at a less cost than in 1869; impression that gas coal is cheaper, *ib.* 500-506.

Respects in which the legislation of 1868 did not fully carry out the views expressed by Lord Cardwell's Committee in 1867; that is, as regards the question of price, *Newton* 604-612—Explanation as to no specific price having been named in the Works Bill or in the Purchase Bill deposited by the Metropolitan Board, *ib.* 742-747—Further opinion as to the fairness of the proposed initial price of 3 s. 9 d., *ib.* 748—Circumstances under which a maximum price of 4 s. 6 d. was contemplated in the earlier consideration of the question by the Board, *ib.* 749-757.

PRICE—continued.**3. Generally as to the Proposal to fix the Initial Price at 3 s. 9 d.**—continued.

Opinion that the local authorities in fixing the initial price at 3 s. 9 d., have dealt with the companies in a spirit of great fairness, *Livesey* 1057-1069—Belief as to the companies generally being able to maintain their full dividends by charging 3 s. 9 d. for sixteen-candle gas, *ib.* 1067-1069. 1135, 1136—Sufficiency of a price of 3 s. to pay the full dividend in 1875 in the case of the South Metropolitan Company, *ib.* 1094-1099.

Statement showing that the several companies not under the revision clauses have made good their dividends with lower prices than those acquired by the Chartered and Imperial Companies under revision; lower illuminating power in the former case, *Gunn* 1712-1720. 1947.

Conclusion that an initial price of 3 s. 9 d., with an insurance, will fully suffice to keep up the Chartered Company's dividend, provided there be proper care and management, *Gunn* 2064-2085.

Opinion that an initial price of 3 s. 9 d. for sixteen candles is ample to enable the companies to pay 10 per cent. in normal years; with companies of small or moderate capital this price is far more than sufficient, *Stevenson* 3122-3125. 3136-3163—Low prices charged by the South Metropolitan and certain other companies in 1872-73, whilst the full dividend was maintained, *ib.* 3124, 3125. 3136-3149—Mention of five companies compelled to reduce the price which for the time being was charged, *ib.* 3314-3318.

Further statement as to the sufficiency of 3 s. 9 d. as the price, save in abnormal years; contemplated increase if it be found insufficient to provide a reserve, *Stevenson* 3504-3507. 3530-3539. 3571-3581.

Initial price of 3 s. 9 d. for common gas, and 4 s. 9 d. for cannel gas, under the proposed sliding scale, p. 240.

Decided opinion that at the present time 3 s. 9 d. is not an excessive price, *Hawkins* 5831-5833—Data for the conclusion that the sliding scale, at an initial price of 3 s. 9 d. would be much more likely to result in a decrease than an increase of dividends, *Sir G. Elliot* 6136.

Statement showing what the price charged by each company would have been in 1874 if sixteen-candle gas had been supplied; reference hereon to the City of London Gas Act as showing that each candle may be taken to represent 2½ in price, *Field* 6870. 6906-6909. 6924-6937.

4. Price required by each Company in proportion to its Capital :

Tabular statements submitted showing for 1873 and 1874 the comparative capitals of the different companies, the total gas sold by each, the sum required for dividend and interest, &c., *Stevenson* 3095—Information in the foregoing tables relative to the sum required per 1,000 feet of gas supposing the whole invested capital of each company to bear 10 per cent.; excess especially in the case of the Chartered Company, *ib.* 3095-3099.

5. Less Objection by the Public to the Price than to large Dividends :

Objection by the public to the 10 per cent. dividends rather than to the price of gas, *Chubb* 4592-4594; *Woodall* 5772.

See also Cannel, and Cannel Gas.	Capital.	Chartered Gas Company, &c.
City of London.	Coals.	Coke.
Production.	Districting Arrangement.	Dividends.
Dividends).	Illuminating Power.	Imperial Gas Company.
Company.	Revision.	Sliding Scale.
Uniformity.		South Metropolitan Gas Company.

Private Manufacture. Very few private producers in the metropolis, *Newton* 221, 222.

Provincial Gas Companies. Belief that in provincial towns (save where cannel gas is used) the supply is not as a rule equal to the London supply, *Keates* 2458-2460—Limitation of the price of each provincial company according to the circumstances of the case; maximum price charged in many instances, *ib.* 3364-3368.

List of provincial companies who advanced the price in 1873 with the increase in each case, p. 395-397.

See also *Auction Clauses*.

Public, The. See *Consumers*.

Purchase

Report, 1875—continued.

Purchase of Works. Power of purchase in the corporation under the City of London Gas Act of 1868, *Newton* 32-34—Explanation of the grounds upon which the Metropolitan Board introduced a Bill for the purchase of the companies and another Bill for new works, as a competing scheme, *ib.* 149-157—Statement showing the circumstances under which the Purchase Bill was withdrawn at the suggestion of Government, and the Regulation Bill (now before the Committee) alone proceeded with, *ib.* 157-159.

Proposal made by the Metropolitan Board under a former Bill to purchase the companies at their market value, with a consideration for compulsory purchase; unreasonable demands of the Chartered Company as to the basis of purchase, *Newton* 740, 741—It was demanded that the purchasing body should give as much in consols as would produce the present 10 per cent. dividend on the shares; inconsistency of this claim, *ib.* 741. 865.

Agitation by the Corporation and by the Metropolitan Board in 1866-67, it having been proposed by them to introduce a clause in the Board of Trade Bill of 1867, for buying the companies at a guaranteed interest of 6 per cent. instead of 10; rejection of this proposal by Government, *Burke* 3806-3812.

Injustice to holders of shares in the Imperial Company by the purchase proposals of the Metropolitan Board, *Burke* 3901, 3902—Circumstance of the purchase scheme having really increased the market value of the shares, *ib.* 3904-3906—Conclusion further expressed as to the injustice involved in the purchase Bill, *ib.* 3921—Unprecedented character of the proposal for buying the shares at an average of three years preceding the purchase, *ib.* 4093, 4094.

Purification. Much has been done since 1860, and is still being done, as regards purification, *Keates* 2447—Comment upon the great cost of purification experiments forced upon the companies by the action of the gas referees, *Burke* 4092.

Reference to the increased cost of lime purification as equal to the cost of cannel now used by the Phoenix Company, *Woodall* 5688, 5689—Obstacles to the use of the lime process on account of the nuisance created, *ib.* 5732-5737.

Considerable expense incurred by the Chartered Company in purifying the gas by means of lime; obligation upon the company to supply gas with five grains less sulphur than is supplied by other companies, *Evans* 6641-6647—Increased cost at Beckton by the use of the lime process for the removal of sulphur impurities, *Field* 6778, 6779. 7058, 7059.

Purity, Standard of. Reasons for not fixing by Act the standard of purity, whereas it is proposed to fix the test burner, *Keates* 2348-2352. 2379-2386. 2425-2427. 2446-2449—Satisfactory working of the present provisions on the score of purity, *ib.* 2348-2352. 2379-2386.

Q.

Quality of Supply. See *Illuminating Power.*
Purity, Standard of.

*Impurity.**Purification of Gas.*

R.

Ratcliff Gas Company. Table showing the price charged and the illuminating power supplied by the company in each of the years 1869 to 1873, *Gunn* 1716—Comparison between the cost of production of the Chartered and Ratcliff Companies in each of the years 1869 to 1874; these figures, up to 1873, were produced by witness before the Revision Commissioners, *Stevenson* 3651-3655.

Statement of the price charged by the company in each of the years 1869 to 1874, *Chubb* 4444—Tabular statement showing the surplus or deficiency of profits for the maximum dividend in each of the years 1870 to 1873, *Chubb's Ev.* p. 295.

Referees. See *Gas Referees.*

Regulation Bill. Explanation in reference to Mr. Cardwell's Committee not having recommended a Regulation Bill in 1867, there having been no competing Bill before the Committee, *Newton* 281-299. 443-458. 613-622.

Doubt as to its necessarily resulting from the present Bill that the market value of the companies' shares would be lowered, or that they might be bought up altogether at a reduced rate, *Newton* 593-599.

Denial that there is anything inconsistent in the present Committee recommending a Regulation Bill applicable to all the companies; adoption thereby of the principle proposed by the Board of Trade, *Newton* 853-857.

Reilly, Francis S. (Analysis of his Evidence.)—Is a barrister-at-law; was appointed a Revision Commissioner once in 1873 and twice in 1874, there being a special appointment for each revision, 708a-7086. 7117—Has drawn several Gas Bills, having acted as draftsman at different times for all the different parties interested in gas legislation; has not been influenced thereby, nor been any less impartial, in his capacity of Revision Commissioner, 7987-7990.

Conclusion as to the third section of the City of London Gas Act of 1868 having intended to put the Board of Trade in lieu of the Home Office; statement hereon as to the expression, "the preamble of the said Act" having been inserted in error, 7091—Explanations in connection with the Board of Trade Bill of 1867 as first referred to Mr. Cardwell's Committee, as modified in respect of the sliding scale proposed, and as finally set aside in view of a further Bill to be brought forward in 1868; 7091-7102—Initial dividend of 7 per cent. under the sliding scale first proposed in 1867, this having been altered to 10 per cent., 7095-7098.

Statement as to the Bill of 1868 having been substantially the Bill referred to, and altered by, Mr. Cardwell's Committee in 1867, the main difference being the substitution of revision clauses for a sliding scale, 7100-7106—Explanation that the City of London Gas Act of 1868, though founded on a public Bill, was a private Act, having been treated as a hybrid Bill in both Houses of Parliament, 7107-7114—The only companies under revision have been the Chartered and Imperial, 7117. 7260, 7261.

Evidence in support of the opinion formed by witness as Revision Commissioner, and confirmed by that of the law officers of the Crown, that it was wholly out of the power of the Commissioners to deal with the mode in which the company had raised its capital anterior to the year of revision, 7118-7124. 7138-7148—Conclusion as to the Commissioners not having been empowered to disallow any portion of the capital in the sense of not providing or allowing dividend upon it, 7121, 7122—Inquiry made by the Commissioners into expenditure of capital, though they did not in any case feel empowered to disallow dividend in respect of excessive expenditure exhausted prior to the year of revision, 7122-7137.

Very wide discretion under the Act of the Imperial Company as to the mode of raising capital, 7122—Interpretation of the provision in the City of London Gas Act as to the companies earning a dividend of 10 per cent. "if they had been conducting their business with due care and management"; force given to this proviso in the case of improvident contracts still existing during the year of revision, 7128-7137—Circumstance of the Revision Commissioners having felt precluded from inquiring into the mode in which the Imperial or Chartered Company had raised capital, though this may not have done with due care and management, 7138-7145.

Obligation upon the Commissioners under the sixty-eighth section of the Act of 1868 to allow a price sufficient not only for dividend but for an insurance fund, 7149-7153. 7164, 7165—Effect of the obligation as to allowing for an insurance fund that, in the case of the Chartered Company, profits were set aside for this object for the first time, and were thus diverted from the consumers, 7153, 7154—Statement as to the reserve fund of the Imperial Company being fixed at a maximum of 80,000*l.*, it having been reduced by about 28,000*l.* previously to the revision in 1874; obligation upon the Commissioners to allow for the recouping of the fund, 7155-7173.

Appointment of Dr. Odling, Professor of Chemistry, and of Mr. Pattison, Actuary, as fellow Commissioners with witness, he having acted as chairman, 7174-7178—Visit paid by the Commissioners to the works of the Imperial Company, 7179—Independent powers of investigation exercised by the Commissioners, requisitions having been made on the companies for information to a large extent, 7180-7184—Special duty felt by the Commissioners of looking into the prospective care and management for the coming year, 7183.

Great difficulty of any extraneous tribunal determining what constituted "due care and management" as regards various details of management, 7184-7187—Conclusion as to Dr. Odling having been conversant with the subject of gas manufacture, 7188, 7189—Assistance derived by the Commissioners from the evidence of Mr. Livesey and and other witnesses whom they called as to the mode in which the Chartered and Imperial Companies conducted their business, 7190-7194—Independent professional advice provided by the Commissioners on the occasion of their visit to the Imperial Company's works, 7195-7197.

Evidence as to the effect that under the present system, and the practice as to revision, the companies are, to some extent, under the stimulus of self interest as regards economy in manufacture, 7198-7210—Operation of the revision and revised price only for a year, 7208—Conclusion as to the companies being influenced by the trouble and expense entailed by a revision, 7209, 7210.

Inability of witness to offer any suggestion with a view to checking the mode of raising capital, 7211—Opinion that Parliament could hardly have contemplated the operation of the insurance fund in the case of the Chartered Company, the Commissioners having been bound under the Act to allow for earnings of 11 per cent., 7211-7216

Reilly, Francis S. (Analysis of his Evidence)—continued.

7216 — Suggestion that the 1 per cent. allowed for insurance be earmarked and appropriated, 7216.

Unduly large number of officials, and undue expense in working the Act of 1868, 7217-7221 — Improvement if the Gas Referees, Revision Commissioners, and other officials were combined into one body, which should continually intervene between the consumers and the companies, 7218. 7221-7223. 7232 — Provision in the Act whereby the local authorities and the companies may now agree on any alteration of price and illuminating power, 7223, 7224.

Exception taken to the power of raising money by loan and converting it into share capital; reference especially to the action of the Imperial Company in this respect, 7225. 7254-7258 — Doubt as to the expediency of the present restrictions upon the raising of loan capital, 7226. 7233, 7234 — Suggestion that the Metropolitan Board might assist the companies in the matter of loans, 7227.

Opinion that there is much to be said in favour of the principle of arbitration, as under the Act of 1868, rather than of occasional revision, as under the Act of 1868; 7228-7232 — Further statement as to the Revision Commissioners having felt precluded from investigating the terms upon which capital had been raised antecedently to the year of revision, 7235. 7259 — Probable improvement if the Commissioners were appointed, one by the companies, one by the Metropolitan Board, and one by the Board of Trade, 7236.

Doubt as the expediency of empowering the Commissioners to fully inquire into the mode of raising the capital, 7237 — Opinion as regards the question of due care and management, that it would not be safe to interpret the Act of 1868 by reference to the Report of the Committee of 1867; 7238 — Concurrence in certain evidence of Mr. Livesey as to the practical difficulties in the way of a satisfactory inquiry into the question of due care and management, 7239-7242.

Conclusion arrived at by the Commissioners that the amalgamations in the case of the Chartered Company had not been attended with any marked benefit to the public, 7243-7248 — Considerable saving feasible if preference capital had been raised by the companies at reduced rates of interest; check of Parliament on this score when authority to issue capital is applied for, 7249-7252 — Object of the City of London Gas Bill of 1868 to coerce the companies supplying the City to come under the Bill, the Chartered Company having had a Bill of their own, and the two other companies having come in by agreement, 7253.

Reserve and Insurance Funds. Security given to the maximum dividends by the reserve funds, so that there is no inducement to economical management, *Gunn* 1665 — Evidence in support of the complaint that under the revision in the case of the Chartered Company in 1873, nothing was put to the insurance fund on the year's working, whilst the full dividend of 10 per cent was paid, *ib.* 1980-1984. 1999 *et seq.* — Inequality in providing that, in a dear year, something shall be carried to a reserve fund, whilst nothing is carried in cheap years when there is no revision, *ib.* 2005. 2013.

Power, at present, of only applying the reserve fund, as in the case of the Imperial Company, to make up the dividend of the current year, *Gunn* 2268-2270 — Approval of increased facilities, beyond those in the Bill, for providing a reserve fund if the manuscript clauses as to a dividend deficiency fund be considered inadequate, *Stevenson* 3475-3481. 3530-3539. 3571-3581.

Intention of Mr. Cardwell's Committee to deprive the companies of the reserve fund; this legislation the companies refused to accept, *Burke* 4027. 4082, 4083 — Non-allowance of any reserve by the City of London Act of 1868, which, however, applied only to the Chartered Company, *ib.* 4073-4077.

Power under the Gas Works Clauses Act of 1847 (incorporated in the Act of 1854), to accumulate a reserve fund, *Chubb* 4918 — Authority of the Phoenix Company under Clauses 30 to 35 of the Gasworks Clauses Act as to the creation of a reserve fund, after payment of the maximum dividends, *Horner* 5195-5200 — Necessity of surplus profits in excess of the amount necessary to pay maximum dividends before a reserve fund can be formed by the company, *ib.* 5463, 5464.

Illustration in the case of witness' company of the immense value of a reserve fund in making up deficiency of dividend, *Hawkins* 5857, 5858. 5865 — Objection urged as regards the reserve, so called, under the proposed sliding scale; absence of any direct provision for a reserve, *ib.* 5959-5964, 5998-6004.

Operation of the insurance fund and reserve fund in rendering nugatory the action of self-interest, *Pattison* 7270, 7271.

See also Dividends.
Revision, 8.

Imperial Gas Company, 9.

Phoenix Gas Company, 6.

Residuals. See *Coke. Tar, and Ammoniacal Liquor.*

Retorts. Practice of allowing in the accounts of the Imperial Company for wear and tear of retorts, one-fourth of the cost being charged in each year, *Chubb* 4916, 4917—Special form of wear and tear account adopted by the Imperial Company as regards retorts, *Field* 6851.

REVISION:

1. *Qualifications and Mode of Appointment of the Revision Commissioners.*
2. *Action of Local Authorities on the part of the Consumers.*
3. *Generally as to the working of the Revision Clauses of the Act of 1868; Representations more especially in regard to the Restriction upon Inquiry into the Mode in which Capital is raised and expended.*
4. *Question as to the Inquiry being effectual on the Score of due Care and Management.*
5. *Costly Character of Revision Inquiries.*
6. *Objection to the Right of Revision being abolished without some Equivalent.*
7. *Chartered Gas Company; Revision in 1873 and 1874.*
8. *Imperial Gas Company; Revision in 1874.*
9. *Power to apply for Revision of Illuminating Power as well as of Price.*
10. *Provisions as to Revision in the Act of 1860 as well as in the Act of 1868.*
11. *Revision not necessary if there were a Sliding Scale.*

1. *Qualifications and Mode of Appointment of the Revision Commissioners:*

Question as to the personal competency of the Commissioners to inquire into the management, none of them having had any experience on the subject, *Livesey* 1325-1332.

Witness (who is a barrister-at-law) was appointed a Revision Commissioner once in 1873 and twice in 1874, there being a special appointment for each revision, *Reilly* 7082-7086. 7117—Witness has drawn several Gas Bills, having acted as draftsman at different times for all the different parties interested in gas legislation, but has not been influenced thereby, nor been any less impartial in his capacity of Revision Commissioner, *ib.* 7087-7090.

Appointment of Dr. Odling, Professor of Chemistry, and of Mr. Pattison, Actuary, as fellow Commissioners with witness, he having acted as chairman, *Reilly* 7174-7178—Conclusion as to Dr. Odling having been conversant with the subject of gas manufacture, *ib.* 7188, 7189—Probable improvement if the Commissioners were appointed one by the companies, one by the Metropolitan Board, and one by the Board of Trade, *ib.* 7236.

2. *Action of Local Authorities on the part of the Consumers:*

Part taken by the Metropolitan Board outside the City, and by the Corporation of London within the City, as regards revision of prices; that is, on behalf of the consumers, *Newton* 104, 105.

3. *Generally as to the working of the Revision Clauses of the Act of 1868; Representations more especially in regard to the Restriction upon Inquiry into the Mode in which Capital is raised and expended:*

Great disadvantage of the Metropolitan Board in not being able to obtain from the companies the full information necessary in fighting them before the Revising Commissioners; reference especially to the want of power of inquiry as to the capital expenditure, *Newton* 109-123. 135. 363-368. 387—Very unsatisfactory working of the revision clauses as regards the public, *ib.* 111. 135—Effect of the revision clauses in securing a 10 per cent. dividend to the companies, *ib.* 111. 135—Experience has shown that the revision clauses are altogether unsatisfactory; conclusion as to the necessity for their amendment, *ib.* 651-680.

Admission as to the Chartered Company having supplied full information when specially required to do so in view of revision; expediency, however, of a power of obtaining such information at any time, *Newton* 705-717—Original adoption of the revision clauses by Lord Cardwell in the view of the price going down, an increase of price having never been contemplated, *ib.* 797-799.

Acceptance of the revision clause of the Act of 1868 by the Corporation of London in the belief that it would be an effectual check as regards price, whereas in practice it has been a complete mockery, *Shaw* 878-902. 906-949. 976-986—Obstacle to any satisfactory revision by reason of the inability to inquire into capital expenditure, *ib.* 880. 976-978—Question considered whether the City authorities would have raised any objection if the revisions had resulted in a decrease of price, *ib.* 894-902. 908-913.

Result of witness' observation and experience that the revision clauses in the Act of 1868 absolutely protect the companies from all losses of trade or losses from carelessness or bad management, *Livesey* 1029-1034—Conclusion that the consumer is in no way protected by the revision clauses, *ib.* 1032-1035.

REVISION—continued.

3. *Generally as to the working of the Revision Clauses, &c.*—continued.

Statement as to the Revision Commissioners not having been able to come to a conclusion upon all the details of management; difficulty also in their obtaining professional advice, *Livesey* 1371-1385. 1486-1489. 1523-1528.

Inability of the Revision Commissioners to follow up inquiry into capital expenditure by making disallowance on this score, *Gunn* 1780-1785. 1793-1805—Courtesy of the companies' officers in replying to inquiries and complying with requisitions, the revision being however imperfect from the nature of the case, *ib.* 1788-1793. 1803-1805.

Further statement as to the expediency of a full and independent inquiry, on behalf of the consumers, as regards fresh issues of capital; it is not proposed to go into a revision of old capital, *Gunn* 1825-1829. 1835-1841—Reluctance of witness to question the decisions of the Commissioners, *ib.* 1885-1887.

Argument that there may have been many facts behind the scenes which the Metropolitan Board could not bring out, owing to the disadvantageous position in which they were placed; nor have they in the interim discovered any fresh facts which should have been adduced at the revision, *Gunn* 1911 *et seq.*—Instances in the case of the expenditure on wear and tear, the cost of coals, &c., in which sufficiently full information was not available for the Commissioners, *ib.* 1951-1956.

Inspection of works by the Revision Commissioners adverted to as not properly testing the question of extravagant outlay, *Gunn* 2132-2137—Further statement as to the local authorities not having all the facts and figures sufficiently before them at the revision inquiries, *ib.* 2211-2228—Difficulty moreover at the revisions, inasmuch as objections raised were constantly said to impute dishonesty in the management, *ib.* 2229, 2230—Absence of any inspection of the companies' accounts since the revision, so that new facts could not be discovered, *ib.* 2242-2248.

Argument that under the revision clauses of 1868 there is no inducement to the companies to do better than will produce 10 per cent. dividend, the arrangement being in fact a premium on extravagance and on the issue of excessive capital, *Stevenson* 3068-3076—Unsatisfactory inquiries before the Commissioners by reason of investigation as to capital having been excluded, *ib.* 3086-3103—Illustration of the inadequacy of the opportunities of the local authorities for putting all the necessary information before the Revision Commissioners, *ib.* 3387-3395—Doubt as to the practicability of amending the revision scheme so as to make the investigation really efficient either for increase or decrease of price, *ib.* 3508-3515—Importance of the local authorities having means of ascertaining the probable requirements as to new capital as affecting the dividends and the price, *ib.* 3618-3620.

Opinion that the Revision Commissioners have most ample power of inquiry, *Burke* 3851—Reluctance of the companies to apply for revision until it is absolutely necessary, *Chubb* 4716-4719—Impression as to the adequacy of the provisions in regard to investigation and revision of prices as a check upon any laxity in the companies when secured a 10 per cent. dividend, *Sir G. Elliot* 6146-6149.

Evidence in support of the opinion formed by witness as Revision Commissioner, and confirmed by that of the law officers of the Crown, that it was wholly out of the power of the Commissioners to deal with the mode in which the company had raised its capital anterior to the year of revision, *Reilly* 7118-7124. 7138-7148—Conclusion as to the Commissioners not having been empowered to disallow any portion of the capital in the sense of not providing or allowing dividend upon it, *ib.* 7121, 7122.

Inquiry made by the Commissioners into expenditure of capital, though they did not in any case feel empowered to disallow dividend in respect of excessive expenditure exhausted prior to the year of revision, *Reilly* 7122-7137.

Independent powers of investigation exercised by the Commissioners, requisitions having been made on the companies for information to a large extent, *Reilly* 7180-7184—Assistance derived by the Commissioners from the evidence of Mr. Livesey and other witnesses whom they called as to the mode in which the Chartered and Imperial Companies conducted their business, *ib.* 7190-7194.

Evidence to the effect that, under the present system and the practice as to revision, the companies are, to some extent, under the stimulus of self-interest as regards economy in manufacture, *Reilly* 7198-7210—Operation of the revision and revised price only for a year, *ib.* 7208—Conclusion as to the companies being influenced by the trouble and expense entailed by a revision, *ib.* 7209, 7210.

Further statement to the Revision Commissioners having felt precluded from investigating the terms upon which capital had been raised antecedently to the year of revision, *Reilly* 7235. 7259—Doubt as to the expediency of empowering the Commissioners to fully inquire into the mode of raising the capital, *ib.* 7237—Practical difficulties in the way of a satisfactory inquiry, *ib.* 7239-7242.

REVISION—continued.

3. *Generally as to the working of the Revision Clauses, &c.*—continued.

Witness considers that the Commissioners had full power of investigation, which they exercised to some extent, as regards the mode in which capital had been raised, *Pattison* 7264—Evidence to the effect that the Commissioners should be empowered to disallow dividend in respect of any portion of the capital expended unnecessarily or in excess, *ib.* 7273-7295.

4. *Question as to the Inquiry being effectual on the Score of due Care and Management:*

Investigation of the grounds for witness' statement that the Commissioners inquired into the question of due care and management in the case of the Chartered Company, but were powerless to act upon the inquiry, *Livesey* 1303-1357—Decision of the Commissioners, backed up by the opinion of the law officers of the Crown, that they were powerless under the Act of 1868 to inquire into the question of due care and management in the past, *ib.* 1386-1396—Great difficulty in the Commissioners reporting that cases of gross bad management had been established, although they have the fullest powers of inquiry, *ib.* 1453-1460. 1483-1495.

Denial that the revision clauses are a failure as regards inquiry into the question of due care and management, *Burke* 3938.

Circumstance of the Revision Commissioners having felt precluded from inquiring into the mode in which the Imperial or Chartered Company had raised capital, though this may not have been done with due care and management, *Reilly* 7138-7145.

Special duty felt by the Commissioners of looking into the prospective care and management for the coming year, *Reilly* 7183—Great difficulty of any extraneous tribunal determining what constituted "due care and management" as regards various details of management, *ib.* 7184-7187.

5. *Costly Character of Revision Inquiries:*

Disadvantageous and costly machinery as to inquiry under the Act of 1868 as compared with the practical absence of inquiry under the Act of 1860; illustration in the case of the Imperial Company in 1874, *Burke* 3855. 3859, 3860. 3908, 3909. 3978-3982. 3986, 3987—Undue expense in working the revision clauses, *Reilly* 7217-7221.

6. *Objection to the Right of Revision being abolished without some Equivalent:*

Opinion as regards the revision clauses given by Parliament to the Chartered, South Metropolitan, and other companies, that these cannot in justice be taken away unless an equivalent be given, *Livesey* 1358-1370.

Necessity of the power of revision if the other provisions of the Act of 1869 are kept in force, *Burke* 3910—Injustice in entirely doing away the revision clauses sanctioned by Parliament as a means of enabling the dividend to be maintained, *ib.* 3939-3942.

7. *Chartered Gas Company: Revision in 1873 and 1874:*

Application by the Chartered Company for a revision of price in 1873 and 1874, the price having been first raised to 4s. 4d. and subsequently to 5s., which terminated on 31st December last, *Newton* 73-77. 80-82—Statement showing the strong remonstrances submitted to the Metropolitan Board by numerous vestries and district authorities against the application for a revision and increase of price of the Chartered Company in 1874, *ib.* 142-146.

Explanation as to witness having given evidence in 1874 before the Revising Commissioners, the latter, however, having felt bound to deal with applications for increase of price according to the expenditure of the company applying, *Livesey* 1234-1248—Examination to the effect that the revision was effective in the case of the Chartered Company, as the Commissioners allowed a price of 5s. in lieu of 3s. 9d., the price asked by the company having been 5s. 2d., *ib.* 1276-1302.

Circumstance of the Commissioners after hearing evidence relative to the coal contracts of the Chartered Company not having reported upon them as improvident, nor made any abatement in respect of them, *Livesey* 1335-1357. 1512-1518—Partisan character of much of the evidence called upon the revision in reference to the price of coal, coke, &c. *ib.* 1371-1385. 1486-1489. 1523-1528.

Increased price of 1s. 2d. per 1,000 feet applied for by the Chartered Company, in 1873, the Revision Commissioners having sanctioned 7d. increase on common, and 10d. on canal gas, *Gunn* 1561-1563—Statement that the increase allowed was to cover everything, including 1 per cent. for the insurance fund, representing 29,024 l.; there was no specific sum allocated for insurance, *ib.* 1562-1579—Circumstance of the whole increase in 1873 having been absorbed in paying the 10 per cent. dividend, whilst nothing was appropriated to the insurance fund, *ib.* 1574-1586.

REVISION—continued.

7. *Chartered Gas Company; Revision in 1873 and 1874—continued.*

Necessary allowance of 1 per cent. for the insurance fund by the Commissioners in settling the price for 1874, this representing 31,500 *l.*; comment hereon upon the omission in previous years, when gas was cheap, to put anything to the insurance fund, *Gunn* 1620, 1630-1652—Information relative to the estimates of the company in support of their application in 1874, and the extent to which cut down by the Commissioners; surplus balance of 43,000 *l.* after payment of dividend, of 5,000 *l.* for defalcations, and of insurance, *ib.* 1620-1641—Illustrations of the obstacles to satisfactory investigation or revision as regards the increase of consumption in the case of the Chartered Company, *ib.* 1676, 1677.

Examination in detail relative to the several heads of information required at the revisions in 1873-74 in the case of the Chartered Company, and the extent to which the revision was defective by reason of the inadequate powers of inquiry of the Metropolitan Board, *Gunn* 1870 *et seq.*—Fault of the Act of 1868, and not of the Revision Commissioners as regards the course pursued by the latter in respect of an insurance fund, *ib.* 2231-2235.

Facility in preparing the requisite information for the revision in 1874, *Field* 6754-6756—Statement that but for the revision the dividend upon the ordinary share of the Chartered Company in 1873 would have been less than 3 per cent., whilst in 1844 there would have been no dividend, and the interest on the debenture debt would not have been paid in full, *ib.* 6765-6767.

Statement as regards certain returns before the Revision Commissioners showing the sale of gas per ton of coal carbonised in the case respectively of the Chartered Company, and of the Amalgamated Companies, *Field* 7002-7011—Explanation as to the estimates put before the Commissioners in 1874, having been much less favourable than the actual results; large saving in the estimated cost of coal, and cause thereof, *ib.* 7012-7030, 7061, 7062.

Obligation upon the Commissioners under the 68th Section of the Act of 1868 to allow a price sufficient not only for dividend but for insurance, *Reilly* 7149-7152, 7164, 7165—Effect of the obligation as to allowing for an insurance fund, that, in the case of the Chartered Company, profits were set aside for this object for the first time, and were thus diverted from the consumers, *ib.* 7153, 7154.

Opinion that Parliament could hardly have contemplated the operation of the insurance fund in the case of the Chartered Company, the Commissioners having been bound under the Act to allow for earnings of 11 per cent., *Reilly* 7211-7216—Suggestion that the 1 per cent. allowed for insurance be earmarked and appropriated, *ib.* 7216.

8. *Imperial Gas Company: Revision in 1874:*

Increase of the Imperial Company's price to 4 *s.* 8 *d.* in 1874, up to the end of the year, *Newton* 78-82—Application by the Imperial Company in 1874 for an increase of price to 4 *s.* 11 *d.*, they having been awarded 4 *s.* 8 *d.*, *Gunn* 1658, 1659—Extra charge of 53,000 *l.* provided for by the price in 1874 in order to make up the reserve; addition thereby of 3½ *d.* to the price, *ib.* 1659—Insufficient allowance for the reserve fund of the company by about 28,000 *l.*, *ib.* 1660-1664.

Illustration, in the case of the Imperial Company, of the want of fuller power of inquiry into the practice of issuing capital; that is, in reference to the large balance of unexpended capital in hand in December 1873, *Gunn* 1680-1682—Inclusion of the foregoing capital in the amount upon which the Revision Commissioners had to allow dividend in 1874, *ib.* 1680, 1681.

Comment upon some of the evidence put before the Commissioners in 1874 in favour of construction of works piecemeal, *Burke* 3852-3854—Very costly and onerous character of the inquiry, *ib.* 3855, 3859, 3860, 3908, 3909, 3978-3982—Obligation upon the directors, as trustees for the shareholders, to apply to the Revision Commissioners in 1874, in order to maintain the dividend, *ib.* 4002.

Estimated deficiency of 137,741 *l.* upon dividend account in 1874, or more than 5 per cent., but for the increased price on revision, *Burke* 4060-4067—Very close manner in which all the representations made to the Commissioners were contested, the price of 4 *s.* 8 *d.* eventually allowed not having proved sufficient to fill up the reserve fund, *ib.* 4068-4071.

Very full inquiry before the Revision Court as to the capital expended by the Imperial Company at Bromley, the Commissioners, however, deciding that they had no legal power to deal with the matter, *Chubb* 4454, 4479, 4480—Statement purporting to show that there was ample professional evidence available on the part of the local authorities in the revision inquiry, *ib.* 4455-4474—Belief as to the searching character of the personal inquiry by the Commissioners into the works at Bromley, *ib.* 4475-4478.

Evidence to the effect that under the revision clauses of the Act of 1868, not only is the dividend for the year to be made up, but also the reserve fund, a doubly enhanced

Report, 1875—continued.

REVISION—continued.

8. *Imperial Gas Company: Revision in 1874—continued.*

price being thus entailed upon the consumers in the year of revision, *Chubb* 4703-4718 —Cost of about 1,000 *l.* incurred by the Imperial Company in respect of the revision in 1874, *ib.* 4739.

Full information supplied by witness on the occasion of the inspection of the works at Bromley by the Revision Commissioners in 1874, *Kirkham* 5050-5054 —Careful inquiries made by the Commissioners when they visited the works, they having been accompanied by a professional adviser, and having understood the explanations given by witness, *ib.* 5139-5151.

Statement as to the reserve fund of the Imperial Company being fixed at a maximum of 80,000 *l.* it having been reduced by about 28,000 *l.* previously to the revision in 1874; obligation upon the Commissioners to allow for the recouping of the fund, *Reilly* 7155-7173 —Visit paid by the Commissioners to the works of the Company at Bromley, *ib.* 7179 —Independent professional advice provided by the Commissioners on the occasion of their visit to the Company's works, *ib.* 7195-7197.

9. *Power to apply for Revision of Illuminating Power as well as of Price:*

Power of the Imperial Company under the Act of 1869 to ask for a revision of the scale of illuminating power, although there may be a full dividend and reserve, *Chubb* 4855-4858.

10. *Provisions as to Revision in the Act of 1860 as well as in the Act of 1868:*

Initiative in the companies under the Act of 1860 to apply for any excess of the maximum price of 4 *s.* 4 *d.* fixed by the Act, the onus of resisting increase resting with the local authority, *Burke* 3976-3979 —Incorporation of the Act of 1847 in the Act of 1860, the latter having revision clauses applicable in the event of the price exceeding 4 *s.* 6 *d.*, *Homer* 5392-5409.

Examination to the effect that revision is necessary under the Act of 1860 before excess of the price of 4 *s.* 6 *d.*, whilst revision comes in above the price of 3 *s.* 9 *d.* under the Acts of 1867-68; maximum of 5 *s.* 6 *d.* to be sanctioned in either case, *Hawkins* 5876-5891. 5978, 5979 —Consideration of witness' grounds for the conclusion that by the Act of 1860 the price named, subject to revision, is not the maximum price, *ib.* 5891-5902.

11. *Revision not necessary if there were a Sliding Scale:*

Absence of necessity for revision if the dividend were made dependent on the price, as by the proposed sliding scale, *Livesey* 1519, 1520.

See also *Accounts.* *Act of 1868.* *Due Care and Management.* *Guarantee of*
Dividends. *Higgs' Defalcations,* *Horseferry-road Station.* *Officials.*
Stokers' Strike. *Wear and Tear.*

S.

St. Pancras Works (Imperial Gas Company). Importance attached to the works at St. Pancras, as being in the midst of a large demand for gas and as supplying 6,000,000 feet daily; costly character of the works, *Chubb* 4214-4218.

Salaries. See *Working Expenses.*

Select Committee of 1866. Competing Bill brought in by the Corporation in 1866, and referred to Sir John Trollope's Committee, together with the Act of 1860, *Burke* 3791-3794 —Willingness expressed by the companies in 1866 to reduce the price from 4 *s.* 6 *d.* to 4 *s.*, and to increase the illuminating power from twelve to fourteen candles, these concessions having been accepted by the Committee, so that the companies did not tender all the evidence which they had ready, *ib.* 3799-3807 —Comment upon the report subsequently made by the Committee as not defining the reduction of price or the increase of illuminating power, *ib.* 3802-3807.

Select Committee of 1867-68. See *Act of 1868.* *Cardwell, Right Hon. Mr.*

Shaw, George. (Analysis of his Evidence.)—Is Chairman of the Gas Committee of the Corporation of the Common Council, the latter having, jointly with the Metropolitan Board, promoted the Bill referred to the present Committee, 868-870 —Concurs generally in the evidence of Mr. Newton, 871.

Dissatisfactions in the City with the Act of 1860 as having resulted in increased dividends to the companies, without any consideration for the consumers, 872-875 —Benefit expected from the Act in reducing the inconvenience and expense of opening the streets, whereas the saving on this score has been followed by increased prices to the consumers, 873.

Shaw, George. (Analysis of his Evidence)—*continued.*

873. 967-975—Competing scheme promoted by the Corporation in 1866 in order to remedy the evils experienced under the Act of 1860; 876, 877.

Acceptance of the revision clause of the Act of 1868 by the Corporation in the belief that it would be an effectual check as regards price, whereas in practice it has been a complete mockery, 878-902. 946-949. 976-986—Obstacle to any satisfactory revision by reason of the inability to inquire into capital expenditure, 880. 976-978.

Complaint on the score of illuminating power as fixed by the Act of 1868, and as now tested; statement hereon as to the present test burner making the gas two candles better than it really is to the consumers, 880, 881. 889. 926-933. 951-966—Reasons assigned for not having applied, on occasions of revision, for an alteration of the test burner; reference to a letter from the referees as tending to show that it was useless to bring the matter before the Revising Commissioners, 881. 903-907. 914-933. 980-986.

General dissatisfaction throughout the City with the Act of 1868; hence the Bill now promoted, 882-885.* 979—Prejudice to consumers in the City by the amalgamation carried out, 891—Question considered whether the City authorities would have raised any objection if the revisions had resulted in a decrease of price, 894-902. 908-913.

Grounds for the conclusion that the gas now supplied by the Chartered Company in the City is not so bright or good as that supplied by the former companies since amalgamated with the Chartered Company, 934-945. 950-954—Instances of complaints in the City as to the quality of the supply by the Chartered Company; doubt as to any penalties having been enforced before the gas referees, 955-966—Prejudicial effect of the Act of 1860 in establishing a monopoly, 972-974.

[Second Examination.] Explanation that in referring to the injurious effect of amalgamation in the City, witness had in view, exclusively, the case of the Great Central Company, 987-991—Objection not only to the test burner used but to the position of the testing place, 992, 993. 996.

Inaccuracy of witness' impression that complaints had been brought before the referees as to the illuminating power in the City under the Act of 1868; 994, 995—Letter, dated 3rd August 1871, showing that the gas referees concurred in certain complaints as to the increase of sulphur in gas supplied to the City from the works at Beckton, 995.

Sheffield. Particulars in connection with the Sheffield Gas Company's Act, and the provisions therein for a reduction of price if the dividend be increased, *Stevenson* 3185-3193. 3406-3415.

Silver's Burner. Opinion as to the inferiority of Silver's burner to Sugg's new burner, *Keates* 2430-2433.

SLIDING SCALE:

1. *Provision as to a Sliding Scale in the Bill of 1867; rejection thereof.*
2. *Evidence in Approval of the Principle of a Sliding Scale; Incentive thereby to Economy.*
3. *Suggestions as to the particular Form of Sliding Scale to be adopted; New Clause submitted.*
4. *Evidence adverse to the adoption of a Sliding Scale.*
5. *Conclusions of the Committee.*

1. *Provision as to a Sliding Scale in the Bill of 1867; rejection thereof:*

Reference to the Bill of 1867 introduced by the Board of Trade, as adopting the principle of a sliding scale, *Newton* 21-25—Doubt as to the authorship of the sliding scale; probability of its having originated with Mr. Farrer of the Board of Trade, *ib.* 398, 399.

Sliding scale proposed by the Bill of 1867, whereby the dividend was to be 7 per cent., at the price of 3 s. 6 d. with an increase of $\frac{1}{2}$ per cent. for every 1 d. reduction in price, *Burke* 3812-3816—Rejection of the Bill of 1867 by Mr. Cardwell's Committee, which reported upon it, *ib.* 3817, 3818.

Initial dividend of 7 per cent. under the sliding scale first proposed in 1867, this having been altered to 10 per cent., *Reilly* 7095-7098.

2. *Evidence in approval of the Principle of a Sliding Scale; incentive thereby to Economy:*

Inducement to due care and management by making the dividend depend upon the price, so that the former should be reduced, if the latter were raised, *Newton* 147, 148. 190—Opinion that the regulations now proposed will be eventually advantageous to the Imperial Company and the public; that is, if the former exercise due care and management, *ib.* 353-357—Doubt as to the Imperial Company finding it necessary under

SLIDING SCALE—continued.2. *Evidence in approval of the Principle of a Sliding Scale, &c.*—continued.

the proposed sliding scale to raise its price much, as there would be a proper motive to economy, *Newton* 358-362.

Opinion that the companies, generally, would, by the exercise of increased care and economy, have equally maintained their dividends in 1873, if the proposed sliding scale had been in operation, *Newton* 510-523—New life to be thrown into the management under the principle of a sliding scale; great incentive to economy thereby, *ib.* 597.

Examination as to the grounds for witness' argument, that if prices go up to an exceptionally high rate, the increase of burden should be equitably borne between the producers and the consumers, *Newton* 757-790.

Importance of its being to the direct interest of the producers to do the best they can for the consumers, and to supply at the lowest possible price, *Livesey* 1043-1050—Advocacy of a sliding scale as the best solution of the question under consideration; proposal to this effect by witness in his address to the British Association of gas managers in 1874, *ib.* 1051-1053—Witness further submits that a sliding scale offers the best motive to efficient administration, *ib.* 1275.

3. *Suggestions as to the particular Form of Sliding Scale to be adopted; New Clause submitted:*

Proposition by the Bill, that for every penny charged in excess of 3 s. 9 d. per 1,000 feet, the rate of dividend shall be reduced by 5 s. per 100 l., *Newton* 181-190—Consideration of the objection raised by Sir Stafford Northcote, on the ground that the sliding-scale scheme as first proposed, was a breach of existing arrangements; denial that the Bill as proposed to be amended is open to this objection, *ib.* 427-436—Circumstances of the Board of Trade having adopted the proposal for a sliding scale up and down, the Metropolitan Board having proposed a reserve fund as a means of equalising the dividends, 561-563.

Examination to the effect that under the sliding-scale scheme, any reduction of dividend by excess of the price of 3 s. 9 d. in any year, is not to be made up in a subsequent year when the price is below 3 s. 9 d., *Newton* 819-845.

Objection to the sliding scale proposed by Clause 6 of the Bill, as well as to the proposed amendment by the formation of a dividend deficiency fund, *Livesey* 1424-1426—Approval of the sliding scale proposed by the Board of Trade as more fair to the companies than that proposed by the Bill, *ib.* 1427-1430.

Opinion as to the fairness of the sliding scale and of a fixed price of 3 s. 9 d.; advantage of the provision for a reserve as a means of still maintaining the dividend, *Gunn* 1830-1834—Reluctance of witness, as an officer of the Metropolitan Board, to express any opinion in favour of the amended form of sliding scale proposed by Mr. Livesey, as this might give the companies more than 10 per cent., *ib.* 2274-2277.

Limited penalty involved in the proposal for diminishing the dividend as the price increases; value of this principle, *Stevenson* 3182-3184. 3194-3197—Exceptions taken to the proposal of the Board of Trade for a sliding scale up and down; objection to any excess of 10 per cent., *ib.* 3666—Preference for the provisions in the West Ham and Sheffield Acts as to price and dividend, rather than for the proposals of the Board of Trade, *ib.* 3667-3671.

New clause submitted by the promoters for regulating the supply by a sliding scale of price and dividend, as suggested in the Board of Trade letter of 3rd May 1875, p. 240.

4. *Evidence adverse to the adoption of a Sliding Scale:*

Conclusion as to the inequality and injustice of the proposed sliding scale; *Burke* 3868-3871. 3880—Grounds for the conclusion that the sliding scale proposed by the Metropolitan Board is practically unworkable; reference more especially to its effect as regards the relative rights of the 10 per cent. and the 7 per cent. shareholders of the Imperial Company, *ib.* 4084-4092.

Conviction expressed as to the inexpediency of the 6th clause on general public grounds, *Burke* 4092—Prospect of gas being much cheaper in course of time, in which case the clause would operate prejudicially to the Metropolitan Board and the consumers, *ib.*

Argument strongly opposed to the sliding scale in the present Bill, the companies far preferring a statutory dividend to an uncertain rate, though this might in some years be in excess of 10 per cent., *Chubb* 4590-4604—Apprehension of increased agitation on the part of the public, if, under the proposed sliding scale, the companies were enabled to divide 12 per cent.; greater probability however of a reduction than an increase, *ib.* 4725-4738.

Witness

SLIDING SCALE—continued.**4. Evidence adverse to the adoption of a Sliding Scale**—continued.

Witness further contends that under clause 6 the dividends of his company would be more likely to be reduced below 10 per cent. than increased above it; that is, in view of the probable advance in the price of coal and wages, *Chubb* 4817-4829.

Apprehended agitation if under a sliding scale increased dividends were obtained, *Horner* 5423-5430; *Woodall* 5772; *Hawkins* 5862-5864—Decided objection to the proposed sliding scale as prejudicial and unfair to the companies, who have already ample stimulus to due care and management, *Woodall* 5749-5758—Inducement to economy, without unfairness, under the sliding scale suggested by Mr. Livesey, whereby the dividend should increase if the price went below 3 s. 6 d., but should not diminish unless the price went above the maximum under the Act of 1860, *ib.* 5770-5774.

Decided objection to a sliding scale in view of the existing contract between Parliament and the companies, *Hawkins* 5859-5861—Element of uncertainty under the sliding scale, as the Metropolitan Board would probably re-agitate if more than 10 per cent. were paid; great uncertainty whether 10 per cent. can be earned, *ib.* 6061-6070.

Argument that the proposed sliding scale in the Bill before the Committee would be a very bad bargain for the companies and the shareholders, *Sir G. Elliot* 6135-6138—Further objection to the proposed sliding scale, more especially if applied yearly, instead of an average being taken, *ib.* 6180, 6181—Different course which may be desirable, as regards the dividends on new capital, witness' objections to a sliding scale having reference to its application to vested interests, *ib.* 6182-6184.

Conclusion adverse to the adoption of the proposed sliding scale in the case of the London gas companies, *Palmer* 6196-6199.

5. Conclusions of the Committee:

View of the Committee that it would neither be fair to the producers nor advantageous to the consumers to fix a price above which the dividend should be diminished, while below that price it could not be increased, *p.* 239.

Decision of the Committee that the promoters had not established their case as regards the 6th clause of the Bill, *p.* 239.

Further information required by the Committee in connection with the proposal for a sliding scale providing not only that dividends should fall as prices rise, but also that prices should fall if higher dividends can be earned, *p.* 239.

Adoption by the Committee of the manuscript clauses, with amendments, *p.* 471.

See also *Breach of Faith. Capital, 4. Dividends. West Ham Gas Company.*

SOUTH METROPOLITAN GAS COMPANY:

1. *Price, Illuminating Power, and Dividend; low Price as compared with other Companies.*
2. *Capital.*
3. *Reserve.*
4. *Character of the Company's District.*

1. *Price, Illuminating Power, and Dividend; low Price as compared with other Companies:*

Uniform dividend of 10 per cent. paid by the company since 1864, the price having never been higher than 3 s. 4 d. since 1865, and being now 3 s., *Livesey* 1010-1014—Minimum illuminating power of fourteen candles supplied by the company under their Act of 1869; excess of this quality by about two candles by the new test burner, *ib.* 1017-1020—Maximum price of 3 s. 6 d. prescribed for the company's gas under the Act of 1869; it is hoped never to apply for any revision with a view to exceeding this price, *ib.* 1024-1028.

Particulars relative to the cost of coal and the cost of gas, as delivered to the consumer by witness' company in the years 1871 to 1874; net cost of 1 s. 11½ d. per 1,000 feet in 1871, *Livesey* 1070-1078—Dividend of 10 per cent. paid on all the capital, this representing between 11 d. and 1 s. upon each 1,000 feet sold, *ib.* 1079-1085—Withdrawal from the reserve fund in 1873 and 1874 in order to maintain the dividend, the price being kept at 3 s.; an addition of 1½ d. to the price in 1873, and of 2½ d. in 1874 would have answered the same purpose, *ib.* 1086-1093—Maximum and minimum quality of the gas supplied by the company in 1874, *ib.* 1111.

Necessary withdrawal from the reserve in order to make up the dividend in 1874, a price of 3 s. 2 d. instead of 3 s. being required to pay the full dividend, *Livesey* 1226-1229—Difficulty in explaining the lower price of the South Metropolitan than of other

SOUTH METROPOLITAN GAS COMPANY—continued.**1. Price, Illuminating Power, and Dividend, &c.—continued.**

London companies; anxiety of the former to keep down the price as tending to make the dividend and the property more secure, *Livesey* 1249-1257.

Important advantage of the South Metropolitan over other companies in having bought coal cheaper; reduced working expenses owing chiefly to this cause, *Livesey* 1255. 1397-1404—Payment of a dividend of 10 per cent. since 1850, *ib.* 1434—Several modes of accounting for the higher prices of the Chartered and Imperial Companies than of the South Metropolitan, in order to pay a dividend of 10 per cent., *ib.* 1472-1482. 1496-1503.

Very low price required by the South Metropolitan Company, even without a reserve fund, to pay 10 per cent., as compared with the prices of the Chartered and Imperial Companies under revision, *Gunn* 2236-2241.

Provision in the South Metropolitan Company's Act of 1869 as to their reserve fund being converted into an insurance fund, whilst the price was to be 3 s. 6 d. as against 3 s. 9 d. of the Chartered Company, *Stevenson* 3028-3036.

Statement as to Mr. Livesey having said that his company could pay its full dividend by charging 3 s. for fourteen-candle gas, and that for 3 d. more this could be increased to sixteen candles, *Chubb* 4419-4424 — Examination as to the grounds for witness' conclusion that Mr. Livesey calculated at 3 s. the price for which his company could supply fourteen-candle gas, with an additional 3 d. for two candles more, *ib.* 4525-4535.

The revision clauses of the company have never been called into operation, *Reilly* 7084, 7085.

Table showing the price charged and the illuminating power supplied by the company in each of the years 1869 to 1873, *Gunn* 1716 — Statement of the price charged by the company in each of the years 1869 to 1874, *Chubb* 4444—Tabular statement showing the surplus or deficiency of profits for the maximum dividend in each of the years 1870 to 1873, *Chubb's Ev. p.* 295.

2. Capital:

Explanation relative to the comparatively small capital of the company in proportion to the coal carbonised; large payments out of revenue in former years in aid of capital, a large portion of which had, in the first instance, been wasted on useless works, *Livesey* 1258-1274.

Further explanations relative to the capital of witness' company, the increase thereof since 1850, and the much smaller proportion between the capital and the coal carbonised than in the case of the Imperial and Chartered Companies, *Livesey* 1431-1445 — In 1850 the capital was 100,000 l.; it is now about 350,000 l., *ib.* 1435, 1436—Necessity of the company charging a higher price by 6 d. if it had the same proportionate capital as the Chartered Company, *ib.* 1465. 1473, 1474.

Larger capital of the South Metropolitan Company, but for an expenditure of 80,000 l. and upwards out of revenue on capital account, *Chubb* 4437-4443.

3. Reserve:

Excess reserve fund of 17,000 l. in 1872, the price having been reduced in order to absorb this amount, of which 5,000 l. still remains, *Livesey* 1092, 1093. 1096. 1103-1105 — Parliamentary reserve fund of 20,000 l.; belief as to the power of replacing any amount drawn therefrom for maintaining the dividend, *ib.* 1100-1106.

Conclusion further expressed as to there being power to dip into the reserve fund for the purpose of dividend, and to replace the sum subsequently, *Livesey* 1230-1233.

4. Character of the Company's District:

Extent and character of the district supplied by the South Metropolitan Company, there being nothing exceptionally favourable about it as compared with the districts of other metropolitan companies, *Livesey* 1004-1009.

See also *Coals*, 9, 10. *Coke* 9. *Working Expenses*.

Stevenson, George William. (Analysis of his Evidence.)—Long and extensive experience of witness as a gas engineer; he has moreover been engaged in all the Parliamentary inquiries relative to metropolis gas since 1860; 3003-3009 — Reference to the inquiry which led to the Act of 1868; absorption subsequently of several companies by the Chartered Company, the latter now alone supplying the City, 3010-3014—Provision in the London Company's Act of 1866 whereby the company was to be subjected to the provisions of subsequent Acts if four or more companies had the price and quality of their gas altered by such Acts, 3015-3017.

Regulation of the Chartered Company, both within and without the City, by the City of London Gas Act of 1868; 3018-3021—Limitation of the price of the Imperial Company by their Act of 1869 to that of the Chartered Company, the former company being however allowed a reserve fund, and not required to supply more than fourteen-

candle

Stevenson, George William. (Analysis of his Evidence)—continued.

candle gas, 3021-3027—Provision in the South Metropolitan Company's Act of 1869 as to their reserve fund being converted into an insurance fund, whilst the price was to be 3 s. 6 d. as against 3 s. 9 d. of the Chartered Company, 3028-3036.

Powers obtained by the Chartered Company in 1872 to raise a further capital of 1,000,000 £., to be entitled to 10 per cent. after five years; practical guarantee of this capital by the revision clauses of the Act of 1868; 3037-3043—Way in which the revision clauses operate as a guarantee; that is, as enabling the companies to raise the price necessary for the dividend, 3042.

Continuance of five companies under the Act of 1860, the prescribed illuminating power being twelve candles; addition of four candles if tested by the burner now used, 3044-3055—Conclusion as to the inexpediency of leaving any of the companies under the Act of 1860, there being no longer any of the uniformity prescribed by the Act in regard to price and illuminating power, 3061-3065—Considerable area served by the companies under the Act of 1868; 3066, 3067.

Argument that under the revision clauses of 1868 there is no inducement to the companies to do better than will produce 10 per cent. dividend, the arrangement being in fact a premium on extravagance and on the issue of excessive capital, 3068-3076—Comment upon a proposal by the Chartered Company to invest money in coal mines and steam colliers for the purposes of their gas supply; prejudice to the consumers if the speculators were unfortunate, whilst the company could secure themselves under the revision clauses, 3077-3085.

Great importance of the question of capital as affecting the price necessary to pay the prescribed dividend, 3086-3099—Unsatisfactory inquiries before the Revision Commissioners by reason of investigation as to capital having been excluded, 3086-3103—Tabular statements submitted showing for 1873 and 1874 the comparative capitals of the different companies, the total gas sold by each, the sum required for dividend and interest, &c., 3095—Information also in the foregoing Tables relative to the sum required per 1,000 feet of gas, supposing the whole invested capital of each company to be 10 per cent.; excess especially in the case of the Chartered Company, 3095-3099.

Considerable period in advance for which additional capital is usually applied for when companies come before Parliament; there is, however, no real check upon the whole amount being called up at once, 3104-3111—Power of the Imperial Company to call up capital which would be entitled to dividend before it was expended; admission as to the propriety of paying dividend on a certain proportion of floating capital, 3111-3121 Opinion that an initial price of 3 s. 9 d. for sixteen candles is ample to enable the companies to pay 10 per cent. in normal years; with companies of small or moderate capital this price is far more than sufficient, 3122-3125. 3136-3163—Low prices charged by the South Metropolitan and certain other companies in 1872-73, whilst the full dividend was maintained, 3124, 3125. 3136-3149.

Further explanations in reference to the illuminating power supplied by the different companies as measured by different test-burners, 3126-3135—Result of witness' investigation of certain accounts of the Chartered and South Metropolitan Companies, that, after setting aside out of a price of 3 s. 9 d. in the former case the portion necessary for maximum dividend, sufficient should remain to cover all ordinary expenses of manufacture, with a surplus over, 3150-3160—Relative cost of coal of these two companies; use of some cannel by the Chartered Company, an enhanced price being, however, obtained for cannel gas, 3153-3159.

[Second Examination.]—Evidence showing that a very small per-centage of cannel is required to bring the illuminating power up to and beyond sixteen candles; increase of about 1 d. per ton in the cost by the cannel used, 3164-3181—Use of only 2½ per cent of cannel in the Blackfriars district to supply 16-candle gas, 3167-3174—Circumstance of the South Metropolitan Company having supplied 16½-candles throughout the year, and having used only some 300 tons of cannel, 3167.

Limited penalty involved in the proposal for diminishing the dividend as the price increases; value of this principle, 3182-3184. 3194-3197—Particulars in connection with the Sheffield Act, and the provisions therein for a reduction of price if the dividend be increased, 3185-3193—Provisions also in the West Ham Act, as regards reduction of price and increase of dividend, 3186.

Further information in connection with the different kinds of test burner since the Act of 1860, and the different effects as regards the illuminating power, 3197-3204—Very little attention paid to the question of illuminating power in the Acts previously to 1870; 3205-3207—Evidence showing the very short time in which the illuminating power can be raised by two or three candles at any testing station; instance of conversion of 12-candle gas into nearly fifteen candles, in less than fifteen minutes, 3208-3219.

Grounds for the alteration proposed by the present Bill, as to the testings being taken at any time throughout the twenty-four hours, as arranged by the gas referees; reference 281.

Stevenson, George William. (Analysis of his Evidence)—continued.

hereon to the large quantity of gas consumed in the City in the day time, 3220-3232— Opinion that an officer on the part of the Metropolitan Board and the Corporation should have reasonable access to the books of the companies; this might be limited to one month before the making up of the accounts, 3233-3237.

Paper submitted, and examination thereon, relative to various local gas companies upon whom it is compulsory to raise new capital, wholly or partially by public auction, 3238 *et seq.*—Information in connection with the regulations under the Brighton and Hove Act of 1866, in regard to the issue of half the new capital by auction, 3240-3243. 3270-3279—Expediency of the premium on shares sold by auction being carried to capital, thus reducing the capital stock carrying dividend, 3243, 3244. 3259, 3260.

Particulars relative to the case of Nottingham, and the very beneficial operation of the compulsory auction clauses adopted by the Gas Company in successive Acts, 3245-3251-3257. 3261-3267. 3281. 3543-3547. 3550*—Effect of the auction clauses in the case of Bradford in obviating the necessity of raising additional capital, 3252-3256—Provision in the Bristol Gas Company's Act of 1873 for carrying to capital the premiums derived from shares sold by auction, 3258, 3259—Explanation that the foregoing plan, though advocated by witness, is not supported by the Metropolitan Board, though at the same time they have not expressed any opposition, 3260. 3308, 3309.

Doubt as to the opponents of any Gas Bill having failed in getting the auction clauses, 3267-3269—Impression that the Nottingham Company is the only one that has voluntarily adopted the auction clauses, 3279, 3280. 3540-3547—Instances at Shipley, Thirsk, and other places of the imposition of the auction clauses in spite of strenuous resistance on the part of the companies, 3281-3307.

Statement as to witness being independent of the gas companies in London; various occasions on which he has appeared for the Metropolitan Board, 3310, 3311. 3342-3349—Further reference to the section of the London Company's Act of 1866, which he considers to exclude that company from the Act of 1860; nature of the doubt involved, 3312, 3313. 3623-3628. 3637, 3638—Mention of five companies compelled to reduce the price which for the time being was charged, 3314-3318.

Object of the present Bill to adopt much of the legislation of 1868, whilst it excludes what has proved inoperative in the interests of the consumers, 3319-3321—Grounds for the conclusion that the proposed reserve or dividend deficiency fund will secure the companies in their maximum dividend, 3321-3341—Advantage of surplus profits being carried to a dividend deficiency fund rather than to a reserve, 3334, 3335.

Abnormal character of the years 1873 and 1874 as regards the excessive price of coal, 3350, 3351—Great rise in the price of labour; this, however, not affecting the cost of gas so much as the rise in coal, 3352-3361—Necessary diminution of dividends when coals were so dear, but for the revision clauses; statement hereon, as to many of the provincial companies having been obliged to reduce their dividends, 3362, 3363—Limitation of the price of each provincial company according to the circumstances of the case; maximum price charged in many instances, 3364-3368.

Increase of maximum price allowed to the Brighton Company in 1873 to the extent of more than 6 *d.* per 1,000 feet, 3369-3373—Simple process by which the illuminating power of the gas sent from any station may be very rapidly raised, 3374, 3375—Further reference to the regulations as to the time for testing, 3376-3381—Expediency of the local authorities having a right of inspection of the accounts, independently of the public auditor, 3382-3387. 3524-3529.

Illustration of the inadequacy of the opportunities of the local authorities for putting all the necessary information before the Revision Commissioners, 3387-3395—Statement in explanation of the large purchase money given by the Corporation of Bradford for the local gas works, 3396-3405—Conditions as to decrease of price, subject to which the Sheffield Company obtained powers in 1866 to increase the dividends on their 7 per cent. capital, 3406-3415.

Further explanations relative to the different kinds of test burners, witness submitting that the burner of 1860 should be superseded by that now used, which gives sixteen candles of illuminating power as against twelve candles by the former burner, 3416-3435. 3588-3594—Absence of alteration by the Bill on the score of illuminating power, as given by the Chartered Company, 3436-3439*—Contemplated uniformity as to price and illuminating power; necessity in the first instance of uniformity of capital and dividend, 3440-3450.

Opinion that the obligations placed upon the Chartered Company by the Act of 1868 were light, in comparison with the privileges by means of revision, 3451-3458—Examination to the effect that as regards the capital already raised by the Chartered Company under the Act of 1868, the existing shareholders should be fully protected, but that the unissued portion should be offered to the public and the premium carried to capital account, 3457-3474. 3482-3503. 3595-3609. 3639-3641—Necessity for the

works

Stevenson, George William. (Analysis of his Evidence)—continued.

works at Beckton by reason of the increasing consumption and not of amalgamation, 3461^a-3464. 3595-3602.

Approval of increased facilities, beyond those in the Bill, for providing a reserve fund, if the manuscript clauses as to a dividend deficiency fund be considered inadequate, 3475-3481. 3530-3539. 3571-3581—Illustration of the great saving of dividend-bearing capital by issuing shares by public auction; increased security and value to be given thereby to the old capital, 3482-3484. 3501-3503. 3553. 3554. 3559—Comparatively small number of gas companies subject to auction clauses, 3485-3491.

Advantage of the system of allotment of new capital to existing shareholders, in so far as it tends to prevent jobbery in the shares, 3492, 3493—Large saving to the consumers in London if future issues of capital came under the auction clauses, 3501, 3502—Further statement as to the sufficiency of 3 s. 9 d. as the price save in abnormal years; contemplated increase if it be found insufficient to provide a reserve, 3504-3507. 3530-3539. 3571-3581—Doubt as to the practicability of amending the revision scheme, so as to make the investigation really efficient either for increase or decrease of price, 3508-3515—Further comment upon the proposal of the Chartered Company to purchase steam colliers, 3518-3523. 3582-3587—Great improbability of three or four successive years of such prices as in 1873-74; 3539. 3622.

Probability of none of the water companies being now obliged to sell their shares by auction, 3547^a-3552—Facility of raising the amount of capital actually required, and no more, by means of auction clauses, 3553. 3554—Belief that the prospect of future allotment does not add to the present market value of the old shares, 3552-3562. 3641—Opinion that 10 per cent. is not a bit too much for the original shareholder, though it is far too much when the trade is removed from all contingencies or risk, 3563-3570.

Fractional difference between the cost of wages per 1,000 feet of gas in 1869 and 1874; 3610-3617—Importance of the local authorities having means of ascertaining the probable requirements as to new capital as affecting the dividends and the price, 3618-3620—Items included under the head of wear and tear, 3621—Statement with further reference to the compulsion upon several provincial companies to accept auction clauses, 3629-3636.

Decided objection further expressed as regards the issue in future of any large amount of capital at 10 per cent. dividend, 3639-3643—Explanation of the sense in which the term "practically guaranteed dividends" is used by witness; reference especially to the condition as to due care and management, 3644-3649. 3672—Inability of witness to account for the much smaller cost of production of the South Metropolitan than of the Chartered Company, 3650, 3651—Comparison between the cost of production of the Chartered and Batcliff Companies in each of the years 1869-74; these figures, up to 1873, were produced by witness before the Revision Commissioners, 3651-3655.

Importance of thoroughly good management rather than of the difference in the price of coal as affecting the cost of production, 3656-3658—Much less incentive to good management under the revision scheme than if the companies suffered directly from bad management, 3659—Intention under the proposed supplementary clauses that the dividend deficiency fund may be used before it reaches 5 per cent. of the capital, 3660-3662.

Very small reduction of dividend represented by an advance of 1 d. beyond 3 s. 9 d. in the case of the Chartered Company; improbability of any reduction at all, 3663-3665—Exceptions taken to the proposal of the Board of Trade for a sliding scale up and down; objection to any excess of 10 per cent., 3666—Preference for the provisions in the West Ham and Sheffield Acts as to price and dividend, rather than for the proposals of the Board of Trade, 3667-3671.

Difficulty as to recovery of penalties for deficient illuminating power unless the breach occurred in the testing hours, 3673-3678—High illuminating power supplied in some cannell districts, 3679-3682—Opinion that 16-candle gas is sufficient for London, and that reduction of price is more desirable than increase of illuminating power, 3683, 3684.

Stokers' Strike (Chartered Gas Company). Difficulty, through want of information, in regard to proper allowance being made at the revision in 1873 for the effect of the stokers' strike upon the consumption of the Chartered Company's gas, *Gunn* 1677—Success however of the Metropolitan Board at the revision in 1873 as regards the increased consumption to be allowed for in consequence of the cessation of the stokers' strike; want of proper information by the Company in this matter, *ib.* 1967-1910. 1928. 1967-1970—Improper way in which the balance of the cost of the stokers' strike was dealt with in the accounts for 1872; disallowance of this sum on appeal to the Board of Trade, *ib.* 1957-1962.

Report, 1875—continued.

Street Lamps. Necessity of using fish-tail burners for the street lamps, *Keates* 2442-2444—Similar quality of gas supplied to street lamps as to consumers generally, *Evans* 6742-6745.

Suburban Gas Companies. Statement of the prices charged in 1874, and in the first quarter of 1875 by sundry suburban companies adjoining the districts of the Metropolitan companies, *Gunn* 2607-2609.

Sulphur Impurities. See *Purification of Gas*.

Surrey Gas Consumers Company. Table showing the prices charged, and the illuminating power supplied, by the company in each of the years 1869-73, *Gunn* 1716—Statement of the price charged by the company in each of the years 1869-74, *Chubb* 4444—Tabular statement showing the surplus or deficiency of profits for the maximum dividend in each of the years 1870-73, *Chubb's Fv.* p. 295.

Reference to the Surrey Consumers Company as not now consisting mainly of local consumers, *Horner* 5611, 5612.

T.

Tar, and Ammoniacal Liquor. Very large receipts from the sale of tar and ammoniacal liquor, *Newton* 529-532—Increased value of the tar by 2 s. per ton of coals, as compared with the value in 1869, *Livesey* 1176, 1177, 1183, 1184—Fluctuating value of the ammoniacal liquor, *ib.* 1179-1183—Production of about ten gallons of tar and twenty-one gallons of ammoniacal liquor by each ton of coal, *ib.* 1202, 1203—Sale of tar and ammoniacal liquor by the Phoenix Company under contract after public tender; unfavourable tar contract now in force, *Horner* 5353-5360.

TESTING, AND TEST BURNERS:

1. *As to the several Test Burners adopted since 1860, and the different Results shown as regards Illuminating Power.*
2. *Suggestions for the Definition by Act, and for the Deposit, of a Standard Burner.*
3. *Difference between the Test Burner and the Burner used by Consumers.*
4. *Prescribed Hours for Testing; Question of Amendment hereon.*
5. *Position of the Testing Place; Amendment proposed.*
6. *Proposal in regard to Averages being taken.*
7. *Practice as to Testing in Marylebone Parish.*
8. *Description of the Process of Testing.*
9. *Particulars in connection with the Testing of the Chartered Company's Gas.*
10. *Test applied by the Phoenix Company.*
11. *Necessity of Testing under the proposed Sliding Scale.*
12. *Non-enforcement of the Testing Provisions of the Act of 1860.*

1. *As to the several Test Burners adopted since 1860, and the different Results shown as regards Illuminating Power:*

Important improvement since the Act of 1860 in the test burner, with reference to which it was provided that 14-candle gas should be applied; under similar circumstances the present test burner would show a light of sixteen candles with the same gas, *Newton* 161-174.

Complaint on the score of illuminating power as fixed by the Act of 1868, and as now tested; statement hereon as to the present test burner making the gas two candles better than it really is to the consumers, *Shaw* 880, 881, 889, 926-933, 951-966—Reasons assigned for not having applied on occasions of revision for an alteration of the test burner; reference to a letter from the referees as tending to show that it was useless to bring the matter before the Revising Commissioners, *ib.* 881, 903-907, 914-933, 980-986.

Description of the metal argand burner in use at the time of the passing of the Act of 1860; this corresponds with the prescription in the Act, *Keates* 2304-2306—Invention of the Sugg-Letheby, or steatite burner, in 1864; important difference between this and the metal burner, the former giving nearly two more candles from the same gas, *ib.* 2306-2309—Invention of Sugg's London argand burner after the passing of the Act of 1868, this burner giving about four more candles than that of 1860, and two more than that of 1864, *ib.* 2310-2321.

Special advantage of the modern burner of 1868, that it provides for the proper combustion or burning of the gas, *Keates* 2313, 2321—Conversion of 14-candle gas, within the

TESTING, AND TEST BURNERS—continued.**1. As to the several Test Burners adopted since 1860, &c.—continued.**

the meaning of the Act of 1868, into 16-candle gas as tested by the modern burner, *Keates* 2318-2320—Entire dissent from a statement by Mr. Sugg, that as regards illuminating power there was no difference between the burner of 1860 and the improved burner of 1864, *ib.* 2397-2399.

Witness testifies to the improvement in 1864, and again in 1868, in the test burners, the effect being that 12-candle gas by the old burner of 1860 becomes about 16-candle gas as tested by the new burner, *Heisch* 2466-2469. 2486.

Use of the Sugg-Letheby burner at the time of the appointment of the gas referees, this giving two more candles with the same gas than the test burner of 1860, *Patterson* 2883-2886—Further increase of two candles by the use of Sugg's London argand burner adopted by witness and his colleagues in lieu of the Sugg-Letheby burner, there being thus a total difference of four candles, or thereabouts, beyond the results shown by the old burner, *ib.* 2887-2892. 2923-2930. 2992-2998—Very imperfect definition of the standard burner under the Act of 1860, *ib.* 2897-2902. 2998-2991—Nature of the advantage of the present standard burner over those of 1860 and 1864; improvement since its first introduction, *ib.* 2903. 2909. 2935-2939—Doubt as to the proper authority for selecting the standard burner under the Act of 1860; duty of witness when referee to deal only with the companies under the Acts of 1868-69, *ib.* 2931-2934. 2988-2998.

Information in connection with the different kinds of test burner since the Act of 1860, and the different effects as regards the illuminating power; increase of four candles by the burner now used as compared with that of 1860, *Stevenson* 3197-3204. 3416-3435. 3588-3594.

Difference of only 1·3 candles of illuminating power as measured by the old argand burner and by the new test burner since the Act of 1860, *Woodall* 5752-5786.

2. Suggestions for the Definition by Act, and for the Deposit, of a Standard Burner:

Importance of the test burner being like a standard measure and of the price being restricted, irrespectively of improvements in the burner, *Newton* 176-179—Expediency of a fixed and uniform standard of quality; approval on this score of Sugg's argand burner, *Livesey* 1150-1159.

Conclusion that not only should the illuminating power be prescribed by Act, but the actual burner by which it is to be tested; approval of the proposed deposit of a certified standard burner with the Board of Trade or the Warden of the Stannaries, *Keates* 2322-2326—Excellence of the present burner, which is not likely soon to be improved upon; expediency of its being defined by Act, and of three burners being deposited with different authorities, *ib.* 2426, 2427. 2430-2437. 2448, 2449.

Opinion that a standard of sixteen candles as tested by the present burner may be advantageously prescribed by Act, *Heisch* 2470-2476.

Conclusion as to its being essential to prescribe by Act a well defined burner, in addition to fixing the illuminating power, *Patterson* 2910-2912. 2921, 2922—Explanations relative to the different kinds of test burners, witness submitting that the burner of 1860 should be superseded by that now used, *Stevenson* 3416-3435. 3588-3594.

3. Difference between the Test Burner and the Burner used by Consumers:

Obstacles to the test burner being used by all private consumers, *Newton* 164-168. 180—Explanation that there is nothing in common between the argand test burner and the ordinary burner used by consumers, *Keates* 2327-2329.

4. Prescribed Hours for Testing; Question of Amendment hereon:

Satisfaction expressed with the prescribed times of testing, *Livesey* 1160-1164.

Opinion that there should be no limit to the time during the twenty-four hours at which the testings should be made, *Keates* 2334-2341—Expediency of the times of testing being left to the gas examiners or local authorities; that is, within reasonable hours, *ib.* 2492.

Question considered whether the legal requirement as to illuminating power is really limited to the time between five and ten in winter and eight and eleven in summer (discussion between counsel hereon), *Heisch* 2598-2604.

Further discussion between counsel and the Committee upon the question of the testing under the Act of 1868, being limited to certain hours, *pp.* 180, 181.

Grounds for the alteration proposed by the present Bill as to the testings being taken at any time throughout the twenty-four hours as arranged by the gas referees; reference hereon to the large quantity of gas consumed in the city in the day time, *Stevenson* 3220-3232—Further reference to the regulations as to the time for testing, *ib.* 3376-3381.

*TESTING, AND TEST BURNERS—continued.**5. Position of the Testing Place ; Amendment proposed :*

Objection to the position of the testing place, as at present, *Shaw* 992, 993, 996—Evidence in support of the proposal in the Bill that the gas shall be tested in the district where it is consumed, instead of at a place about 1,000 yards distant from the works, *Keates* 2353-2373—Exceptional instances of testing stations not in the districts of consumption, so that the proposal on this point in the Bill would not entail much expense, *ib.* 2370-2378, 2414, 2415—Opinion that the gas supplied in the city should be tested in the city, instead of at a distance of seven miles, *ib.* 2487-2491.

Entire change made in the position of the testing place by Clause 20 of the present Bill, *Pole* 7349—Advantage of the testing place being near the works instead of in the district, *ib.* 7350, 7354—Prohibition by Clause 20 upon the referees prescribing a testing place near the works, as well as in the district, *ib.* 7351-7353, 7356.

Amendment of Clause 20 as regards testing ; that is, by the addition of the words "district in which the gas is consumed," *p.* 470.

6. Proposal in regard to Averages being taken :

Explanation of the object of an amended clause proposed, to the effect that the average of the daily testing shall be deemed to represent the illuminating power of that day, *Newton* 211-3*—215.

Explanation with further reference to the amendment proposed as regards the average of the daily testings being taken, *Newton* 564-568.

7. Practice as to Testing in Marylebone Parish :

Supervision of the testing in Marylebone by witness ; competent assistant by whom they are made, *Whitmore* 6471-6474—Conduct of the testings in strict conformity with the regulations prescribed by the gas referees ; employment of Mr. Sugg to look after the testing apparatus, *ib.* 6475-6478—Practice of taking the testings at all hours of the day, *ib.* 6479-6482.

8. Description of the Process of Testing :

Explanation of the process of testing, it not being possible to determine the quality, with absolute certainty, within half a candle, *Livsey* 1125-1128.

Details relative to the two modes of testing adopted by the Chartered Company, one by means of the jet photometer and the other by means of candles, *Trewby* 6307-6317.

9. Particulars in connection with the Testing of the Chartered Company's Gas :

Evidence relative to the marked increase within a short time, on several occasions, in the Chartered Company's gas, *Heisch* 2497 *et seq.*—Uncertainty as to witness' visits to Beckton ; he sometimes goes once a week, or oftener, *ib.* 2511-2521—Due record of the official testings, the books which contain the results being open to inspection by the company, *ib.* 2674-2683.

Witness has made tests at Beckton testing station at other than official hours, the results being duly recorded ; particulars hereon, showing that the illuminating power has been considerably lower before than during the prescribed hours, *Young* 2690 *et seq.*—Explanation as to the correction of the tests for the barometrical pressure and the temperature varying ; allowance to be made on these grounds, *ib.* 2695, 2704, 2713-2715, 2747-2750.

Explanations in further reference to the several non-official tests made by witness, and the object for which made ; his official position, as gas consumer, adverted to hereon, *Young* 2799-2828, 2855, 2856—Ways on which the tests were made and the results were recorded ; particulars more especially as to the corrections, witness submitting that the results are perfectly reliable, *ib.* 2819-2879*.

Rare visits of Mr. Heisch to Beckton ; he has made no complaint to witness about the illuminating power, *Trewby* 6273-6275—Particulars as to the results of various testings on the part of the Chartered Company at the Beckton Works, in comparison with the results of the official testings made by Mr. Young ; much higher illuminating power shown in the former case, *ib.* 6227-6300, 6393-6406—Instance of considerable discrepancy between the official test and the company's test, this being accounted for by certain disturbing causes, *ib.* 6304-6306, 6407, 6408.

Information in connection with a mistake made by Mr. Young, the official tester, in testing for ammonia ; correspondence on the subject, *Trewby* 6318-6337, 6421-6423—Statement as to the company's testings being carried out without any check by official testers ; competent persons employed, *ib.* 6393-6406—Question further considered as to the competency of Mr. Young as official tester, *ib.* 6406-6416—The official testings are not brought before witness, *ib.* 6424.

TESTING, AND TEST BURNERS—continued.9. *Particulars in connection with the Chartered Company's Gas*—continued.

Employment of witness at the Beckton Station as valve-man, his duty being to take testings of the gas on behalf of the Chartered Company, *Wadbrook* 6547-6549—Details relative to the practice in recording from the jet-photometer the amount of illuminating power, the figures being taken down by the chemist, *ib.* 6551-6563—Arrangements for testing the meters, this being done two or three days in the week, *ib.* 6564-6577.

10. *Test applied by the Phoenix Company:*

Independent test applied by the Phoenix Company as a check upon the quality of the gas, *Horner* 5283-5287.

11. *Necessity of Testing under the proposed Sliding Scale:*

Necessary testing for quality if the proposed sliding scale be adopted, *Livesey* 1521, 1522.

12. *Non-enforcement of the Testing Provisions of the Act of 1860:*

The provisions of the Act of 1860, as regards the testing of gas, have never been put in force, *Keates* 2285-2288—Fault of the vestries that the Act of 1860 has not been enforced as regards testing, *ib.* 2387-2393.

See also Illuminating Power.

Trewby, George Careless. (Analysis of his Evidence.)—Is Manager of the Beckton Works of the Chartered Gas Company; is member of the Institute of Civil Engineers, 6269-6271—Inaccuracy of a statement by Mr. Heisch that he had seen as great a change as three candles in less than half an hour in the testing station at Beckton; impracticability of such change in so short a time, 6272-6276. 6451-6459—Rare visits of Mr. Heisch to Beckton; he has made no complaint to witness about the illuminating power, 6273-6275.

Particulars as to the results of various testings on the part of the Chartered Company at the Beckton Works, in comparison with the results of the official testings made by Mr. Young; much higher illuminating power shown in the former case, 6277-6300. 6393-6406—Instructions to witness to keep up to the Parliamentary standard of sixteen candles; invariable practice of maintaining this standard as nearly as possible, there being liability to penalty for default, 6293-6296. 6301-6303—Average illuminating power of 16.32 candles as the result of 1,426 testings, 6297-6300.

Instance of considerable discrepancy between the official test and the company's test, this being accounted for by certain disturbing causes, 6304-6306. 6407, 6408—Details relative to the two modes of testing adopted by the company, one by means of the jet-photometer, and the other by means of candles, 6307-6317—Information in connection with a mistake made by Mr. Young, the official tester, in testing for ammonia; correspondence on the subject, 6318-6337. 6421-6423.

Opinion that the works at Beckton are the finest in the world for the manufacture of gas, 6340, 6341—Special facilities for receiving and unloading coal, both by steamers and railway, 6342-6353—Advantage also of the facilities for sending away the coke in barges, 6354, 6355—Enormous quantity of gas produced daily; arrangements being carried out for a large extension of supply, 6356-6362—Capital expenditure of 11 s. 4 d. at Becton for each 1,000 feet of gas sold, 6359-6362. 6366-6368—Separate accounts kept of the weekly working of each manufacturing station, every effort being made to insure economy, 6362-6365.

Gradual concentration of manufacture at Beckton, it being intended to discontinue production at Horseferry-road, as well as at Blackfriars, &c., 6369. 6430-6441—Examination to the effect that gas should be producible as economically at Beckton as at the works of any other company; question, however, as to there being yet a full demand for the coke, 6370-6385. 6425-6429—Remunerative character of the capital outlay being incurred for increasing the production, 6386-6392.

Statement as to the company's testings being carried out without any check by official testers; competent persons employed, 6393-6405—Question further considered as to the competency of Mr. Young, as official tester, 6406-6416—Opinion that a distance of 1,000 or 2,000 yards from the works does not affect the illuminating power, 6417-6420—The official testings are not brought before witness, 6424.

Good quality and low price of the present supply of the Chartered Company, 6425-6429—Necessity of keeping above the standard as a protection against penalties, 6428—Very long distance from Beckton to which the gas is conveyed, 6442, 6443—Freedom from leakage on one of the leading mains, 6444-6446—Leakage does not affect the illuminating power, 6460—Facilities of obtaining supplies of labour at the Beckton Works; similar wages paid as by other companies, 6462-6465.

U.

Uniformity (Price and Illuminating Power).—Object of the Bill before the Committee to secure, as far as possible, uniformity in the provisions for the supply of gas in the metropolis, and to raise the illuminating power generally to the standard of the Chartered Company, *Newton* 142. 160-180.

Opinion that in lieu of referees, it would be better to prescribe definitely, by Act, the conditions of purity, illuminating power, and testing, *Livesey* 1275.

Very great inconvenience and inconsistency by reason of the different price and illuminating power in districts served by companies under the Act of 1860, and in districts supplied by companies under the Acts of 1868 and 1869, *Keates* 2289-2303 — Different price and illuminating power in the district supplied by the South Metropolitan Company and in the adjoining district of the Phoenix Company, *ib.* 2290, 2291.

Conclusion as to the inexpediency of leaving any of the companies under the Act of 1860, there being no longer any of the uniformity prescribed by the Act in regard to price and illuminating power, *Stevenson* 3061-3065 — Considerable area served by the companies under the Act of 1868, *ib.* 3066, 3067 — Contemplated uniformity as to price and illuminating power; necessity in the first instance of uniformity of capital and dividend, *ib.* 3440. 3450.

Inequality in applying uniform legislation to the different metropolitan companies, *Burke* 3834-3836 — Varying cost of coal and labour, so that the cost of gas to the companies cannot be made uniform, *Hawkins* 5828-5830.

W.

Wadbrook, George William. (Analysis of his Evidence.)—Employment of witness at the Beckton Station as valve-man, his duty being to take testings of the gas on behalf of the Chartered Company, 6547-6549 — Details relative to the practice in recording from the jet-photometer the amount of illuminating power, the figures being taken down by the chemist, 6551-6563.

Immediate use of candle when the illuminating power is deficient, 6553. 6582-6584 — Arrangements at Beckton for testing the meters, this being done two or three days in the week, 6564-6577 — Telegraphic communication received whenever the illuminating power is deficient, 6578-6581. 6595, 6596 — Limited variation of the illuminating power within so short a period as ten minutes; witness has never known a variation to the extent of a quarter of a candle in this period, 6585-6594. 6597, 6598.

Wages. Great rise in the price of labour, this, however, not affecting the cost of gas so much as the rise in coal, *Stevenson* 3352-3361 — Fractional difference between the cost of wages per 1,000 feet of gas in 1869 and 1874, *ib.* 3610-3617.

Large increase in the price of labour in 1871 and 1872, and down to the present time; improbability of any reduction, *Kirkham* 5101-5107. 5117 — Means devised by the Imperial Company for economising labour, so that though wages have much increased since 1870, the per-centage of cost has been kept down, *ib.* 5106. 5117-5128 — Failure of attempts to dispense with stoking labour by means of machinery; reference especially to the "Steam Stoker" machine, *ib.* 5107-5116.

Documents submitted showing the advances sanctioned by the Imperial Company in the scale of wages in November 1871 and October 1872, *Kirkham* 5121-5123.

Considerable increase since 1869 in the cost of wages per 1,000 feet of gas sold by the London Company, though this does not apply to the companies generally; enhanced cost in the former case by not working on Sundays, *Hawkins* 5931-5941. 5980-5984 — Explanation as to the rate of wages paid by the London Company being in excess of the average rate paid by other companies, *Morton* 6236-6249.

Facilities of obtaining supplies of labour at the Beckton Works; similar wages paid by the Chartered as by other companies, *Treuby* 6462-6465 — Somewhat higher average of the Chartered Company for wages than of the companies generally, *Evans* 6736.

• **Water Companies.** Probability of none of the Water Companies being now obliged to sell their shares by auction, *Stevenson* 3547-3552.

Wear and Tear. Practice of the companies generally to charge wear and tear of plant to revenue, *Livesey* 1529-1532 — Belief that a charge is made annually by the companies in respect of wear and tear of plant, *Gunn* 1653-1657.

Increasing

Wear and Tear—continued.

Increasing items of expenditure of the Chartered Company for wear and tear in respect of manufacture and of distribution; considerable excess of expenditure beyond estimate in 1874, which the Metropolitan Board cannot investigate, *Gunn* 1676, 1677—Full powers of inquiry desirable on the part of the consumers, into the question of wear and tear, before the decision of the Revision Commissioners, *ib.* 1787—Items included under the head of wear and tear, *Stevenson* 3621.

Very large sum allowed annually for wear and tear in the accounts of the Imperial Company, *Burke* 4095, 4096—Examination as to the Imperial Company's mode of dealing with depreciation of plant, or wear and tear, in the case of retorts, gasholders, &c.; practice of charging renewals to revenue, only new works being carried to capital, *Chubb* 4346–4386.

Further statement as to capital being credited with the receipts for old plant, whilst all new plant is debited to capital; practice as to charging the cost of old structures entirely to revenue, *Chubb* 4558–4567—Practice of the Phoenix Company charging renewals, or wear and tear, to revenue, *Woodall* 5672–5677.

See also *Gas-holders. Retorts.*

West Ham Gas Company. Belief that a sliding scale already exists in an Act relating to the West Ham Company, *Newton* 398—Provisions in the West Ham Act as regards reduction of price and increase of dividends, *Stevenson* 3186.

Whitmore, Dr. John. (Analysis of his Evidence.)—Is Medical Officer of Health for Marylebone, and is gas examiner for the parish, 6466–6469—Supply of cannel and common gas in the parish by the Chartered Company and of common gas by the Imperial Company, 6470, 6471—Supervision of the testings by witness; competent assistant by whom they are made, 6471–6474—Conduct of the testing in strict conformity with the regulations prescribed by the gas referees; employment of Mr. Sugg to look after the testing apparatus, 6475–6478—Practice of taking the testings at all hours of the day, 6479–6482.

Information as to the results of witness' testing of the gas of the Chartered Company; mean illuminating power of 16·6 candles for the five years, 1870–74; 6483–6487—Extent of variation above and below sixteen candles, 6484, 6485. 6526–6487—Satisfactory illuminating power on different days in December 1874 and February 1875; 6486, 6487—Distance of fifteen miles between the testing station in Marylebone and the supply works at Beckton; conclusion as to there being some loss of illuminating power in travelling this distance, 6488–6494—Offensive character of the naphthaline deposited in the mains in cold weather, 6492–6494.

Doubt as to the possibility of largely increasing the illuminating power in a very short time, as stated by Mr. Heisch, 6496—Infrequent complaints in the parish as to the quality of the gas of the Chartered Company, 6497–6503—Instances of complaint as to sudden increase of pressure; advantage if there were more uniformity between the night and day pressure, 6503–6515. 6543—Occasional complaints by consumers as to the quality of the gas, whereas the fault really lies with the burners and fittings, 6516–6523.

Different sources of supply of the gas of the Chartered Company, as tested by witness, 6524, 6525—Difficulty in keeping up a regular illuminating power; further statement hereon as to the extent of variation according to the testings made by witness, 6526–6542—Equal paucity of complaint in Marylebone as to the gas of the Imperial Company as of the Chartered Company, 6543–6546.

Woodall, Corbet. (Analysis of his Evidence.)—Is Chief Engineer to the Phoenix Gas Company; has entire charge of the manufacturing stations at Vauxhall and Bankside, 5616–5623—Careful comparison of the accounts of the two stations against each other, 5624—Supply of 15½-candle gas, for which purpose it is necessary to use about 3 per cent. of cannel, 5625–5632. 5682, 5683. 5782—Necessity of an increase of 6 per cent. of cannel if it were obligatory to supply 16-candle gas under penalties, 5633–5636. 5684–5689—Limited extent of the cannel coal field, the price being very high, 5637–5639.

Considerable decrease since 1869 in the proportion between capital and every 1,000 feet of gas sold, 5640–5646—Much smaller amount per 1,000 feet of gas required to pay dividend in 1874 than in 1869; 5646, 5647—Average of about 8 per cent. as the rate of dividend on capital, 5648, 5649—Utmost endeavours used to obtain the best possible price for coke, 5650. 5651.

Requirement of about 4 d. more per 1,000 feet to pay the Phoenix dividend than the South Metropolitan dividend, 5652, 5653—Average of about 5 d. more per 1,000 feet charged by the Phoenix than the South Metropolitan Company in the years 1869–73; 5654–5660—Statement showing the excess in the net cost of coal to the Phoenix as compared with the South Metropolitan Company in the years 1869–73; 5661–5664—Higher charge of the Phoenix than of the South Metropolitan Company for wear

Report, 1875—continued.

Woodall, Corbet. (Analysis of his Evidence)—*continued.*

and tear, or renewals, whilst for wages and other working expenses the former company has an advantage over the latter, 5665-5681.—Practice of charging renewals, or wear and tear, to revenue, 5672-5679.

Table submitted explaining how the difference in prices charged for gas by the Phoenix and South Metropolitan Companies is accounted for, p. 359.—Table showing the advantage obtained by the South Metropolitan as compared with the Phoenix Company in the sale of coke, p. 360.—Table showing the first cost of coal, the residual products, and the net cost per ton of coals of the Phoenix Company as against the South Metropolitan for the several years 1869-73; p. 360.

Reference to the increased cost of lime purification as equal to the cost of cannel now used by the Phoenix Company, 5688, 5689.—Increased consumption of gas adverted to as the main cause of the decreased proportion between capital and every 1,000 feet of gas sold; prospect of some further diminution on this score, 5690-5698. 5738-5740.—Information in connection with the charge made by witness' company for meter rents, there being no such charge in the case of the South Metropolitan, 5699-5713.

Evidence explanatory of the lower price obtained for coke by the Phoenix than by the London or South Metropolitan Companies, 5714-5718.—Circumstance of the Phoenix Company selling 10 per cent. more coke for each ton of coals than the South Metropolitan Company, 5718, 5719.—Much larger proportionate capital of the Phoenix than of the South Metropolitan Company, this chiefly accounting for the higher price charged by the former; large increase of capital since 1860; 5720-5723. 5727-5731.—Obstacles to the use of the lime process on account of the nuisance created, 5732-5737.

Probability of further improvements in manufacture whereby the cost may be somewhat lessened; expensive character of purification improvements, 5741-5748.—Decided objection to the proposed sliding scale as prejudicial and unfair to the companies who have already ample stimulus to due care and management, 5749-5758.—Absence at present of any guarantee of dividend irrespective of due care and management, 5758-5767.—Injurious effect upon any company by over issue of capital under the inducement of obtaining full dividends thereon, 5759-5770.

Inducement to economy, without unfairness, under the sliding scale suggested by Mr. Livesey, whereby the dividend should increase if the price went below 3s. 6d., but should not diminish unless the price went above the maximum under the Act of 1860; 5770-5774.—Probable recurrence of periods when the cost of production must greatly increase; unfairness at such times of the sliding scale in the present Bill, 5772.

Apprehended agitation if under a sliding scale increased dividends were obtained, 5772.—Feeling of consumers that the dividends, rather than the price of gas, are too high, *ib.*—Absence of public dissatisfaction in the Phoenix Company's district, 5775-5778.—Risky character of gas property by reason of the possibility of new inventions superseding gas, 5779-5781.—Difference of only 1·3 candles of illuminating power as measured by the old argand burner and by the new test burner since the Act of 1860; 5782-5786.

Working Expenses. Payment out of the consumers' pockets of every shilling of increased expenditure on salaries, &c., under the present system of guaranteed dividends up to 10 per cent., *Newton* 860, 861.

Return showing the working expenses of the several Metropolitan Companies during the years 1869-73, and comparing the South Metropolitan with the Imperial and all the other companies, *Chubb* 4341.—Result of the foregoing return, that the South Metropolitan is in excess of the Imperial by 0·22d. per 1,000 feet, and is lower than the average of the other companies by 0·85d. per 1,000 feet, *ib.* 4341. 4490, 4001.—Numerous items included in the working expenses in this return, the cost of coal and the value of residuals being excluded, *ib.* 4342-4345.

Consideration of witness' calculation that on the score of working expenses the South Metropolitan Company is not doing quite so well as the Imperial Company; inclusion of salaries, wages, manufacturing, and purification charges, &c., under this head, these depending much on the managing engineer, *Chubb* 4536-4557.—Calculation in further explanation of the relative amount of working expenses of the two companies, *ib.* 4803-4811.—Very small item represented by the mere management expenses, as compared with the excess that may arise in respect of coal and wages, *Chubb* 4944. 4947.

Large proportion of working expenses of the Chartered Company by reason of the increased use of cannel, *Evans* 6732-6735.—Saving at Beckton as compared with other stations in respect of the cost of lighterege and cartage, and of wages, *Field* 6777. 6780, 6781.

See also *Coals.* *Coke.* *Cost of Production.*

Y.

Young, William Charles. (Analysis of his Evidence.)—Is Fellow of the Chemical Society of Great Britain, and is gas examiner for the local authorities at the Beckton station of the Chartered Company, 2688, 2689 — Has made tests at other than official hours, the results being duly recorded; particulars heron, showing that the illuminating power has been considerably lower before than during the prescribed hours, 2690 *et seq.*

Information as to the results shown by witness' tests at Beckton station on 12th and 19th December 1874, before and during the official testing hours; increase of more than two candles between five and six o'clock on the 12th December, 2694–2713. 2836–2848 — Important advance of illuminating power on the foregoing days after commencement of the official hours, 2694–2713 — Explanation as to the correction of the tests for the barometrical pressure and the temperature; varying allowances to be made on these grounds, 2695. 2704. 2713–2718. 2747–2750.

Result of various testings by witness before official hours at Beckton, during the last five months, that he has seldom found the gas above sixteen candles; several instances of much lower quality than during the official hours, 2719–2736 — Excess of sixteen candles after official hours on 2nd March last, 2737.

Examination in detail upon the question of the practicability of increasing the illuminating power by two candles in forty-five minutes; suggested means by which this may have been effected, 2751–2798 — Explanation in further reference to the several non-official tests made by witness, and the object for which made; his official position as gas examiner adverted to heron, 2799–2828. 2855, 2856.

Way in which the tests were made and the results were recorded; particulars more especially as to the correction, witness submitting that the results are perfectly reliable, 2819–2879* — Statement as to the possibility of an alteration of two candles in eight minutes, 2845–2854. 2865, 2866.

R E P O R T

FROM THE

SELECT COMMITTEE

ON THE

METROPOLIS LOCAL MANAGEMENT
ACTS AMENDMENT BILL;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

AND

MINUTES OF EVIDENCE.

*Ordered, by The House of Commons, to be Printed,
6 May 1875.*

Tuesday, 16th March 1875.

Ordered, THAT the Metropolis Local Management Acts Amendment Bill be read a second time, and committed to a Select Committee.

Wednesday, 14th April 1875.

Committee nominated of—

Mr. Stansfeld.
Sir Charles Mills.
Sir James Lawrence.
Sir Sydney Waterlow.
Sir Andrew Lusk.
Sir Charles Legard.
Sir James Hogg.
Mr. Ashley.

Mr. Coope.
Mr. Goldney.
Mr. Samuda.
Mr. Spencer Stanhope.
Mr. Heygate.
Mr. James.
Mr. Boord.

Ordered, THAT the Committee have power to send for Persons, Papers and Records.

Ordered, THAT Five be the Quorum of the Committee.

Thursday, 6th May 1875.

Ordered, THAT the Committee have power to report the Minutes of Evidence taken before them to The House.

REPORT	- - - - -	p. iii
PROCEEDINGS OF THE COMMITTEE	- - - - -	p. iv
MINUTES OF EVIDENCE	- - - - -	p. 1

R E P O R T.

THE SELECT COMMITTEE to whom the METROPOLIS LOCAL MANAGEMENT ACTS AMENDMENT BILL was referred, have considered the said Bill, and taken Evidence thereon, which they have agreed to Report to the House ; and have gone through the Bill, and made Amendments thereunto.

6 May 1875.

PROCEEDINGS OF THE COMMITTEE.

Tuesday, 20th April 1875.

MEMBERS PRESENT:

Sir James Hogg. Sir Andrew Lusk. Mr. Samuda. Sir James Lawrence. Mr. Stansfeld. Mr. Boord.		Mr. Coope. Mr. Spencer Stanhope. Mr. Heygate. Sir Sydney Waterlow. Mr. Ashley. Sir Charles Legard.
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Mr. STANSFELD was called to the Chair.

[Adjourned till Tuesday next, at Twelve o'clock.]

Tuesday, 27th April 1875.

MEMBERS PRESENT:

Mr. STANSFELD in the Chair.

Sir James Hogg. Mr. Samuda. Sir Charles Mills. Mr. Boord. Sir Charles Legard. Sir James Lawrence. Mr. Heygate.		Mr. Alderman Lusk. Mr. Spencer Stanhope. Mr. Ashley. Sir Sydney Waterlow. Mr. Goldney. Mr. James.
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Mr. Edwin Hughes, Mr. John Cook, and Mr. Andrew Cory Reed, were severally examined.

[Adjourned till Thursday next, at Twelve o'clock.]

Thursday, 29th April 1875.

MEMBERS PRESENT:

Mr. STANSFELD in the Chair.

Mr. Boord. Sir James Hogg. Sir James Lawrence. Mr. Samuda. Mr. Coope. Mr. Heygate.		Mr. Ashley. Mr. Spencer Stanhope. Sir Charles Legard. Sir Andrew Lusk. Sir Sydney Waterlow. Sir Charles Mills.
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Mr. Arthur Gunn was examined.

[Adjourned till Thursday next, at Two o'clock.]

Thursday, 6th May 1875.

MEMBERS PRESENT:

Mr. STANSFELD in the Chair.

Mr. Boord.	Mr. Heygate.
Sir Charles Legard.	Sir James Hogg.
Mr. Samuda.	Mr. Coope.
Sir Andrew Lusk.	Sir Sydney Waterlow.
Mr. Spencer Stanhope.	Mr. Goldney.
Mr. Ashley.	Sir Charles Mills.

Preamble postponed.

Clause 1.—Question put, “That Clause 1 stand part of the Bill.”—The Committee divided:

Ayes, 7.	Noes, 5.
Mr. Heygate.	Mr. Samuda.
Sir Charles Legard.	Sir James Hogg.
Sir Charles Mills.	Mr. Goldney.
Mr. Boord.	Sir Andrew Lusk.
Mr. Coope.	Mr. Ashley.
Mr. Spencer Stanhope.	
Sir Sydney Waterlow.	

Clause 2, amended, and *agreed to*.

Clauses 3 and 4, *agreed to*.

Preamble read, and *agreed to*.

Question, “That this Bill, as amended, be reported to the House,”—put, and *agreed to*.

Ordered, To Report.

EXPENSES OF WITNESSES.

NAME of WITNESS.	PROFESSION or CONDITION.	From whence Summoned.	Number of Days absent from Home under Orders of Committee.	Expenses of Journey to London and back.	Allowance during Absence from Home.	TOTAL Expenses allowed to Witness.
				£. s. d.	£. s. d.	£. s. d.
Edwin Hughes - -	Solicitor - - -	Woolwich -	One - -	- nil -	2 2 -	2 2 -
John Cook - - -	Farmer and Grazier -	Plumstead -	One - -	- nil -	1 1 -	1 1 -
Andrew Cory Reed -	Clerk to Woolwich Local Board.	Woolwich -	One - -	- nil -	- 10 6	- 10 6
				TOTAL - - -	£.	3 13 6

LIST OF WITNESSES.

Tuesday, 27th April 1875.

	PAGE.
Mr. Edwin Hughes - - - - -	1, 15
Mr. John Cook - - - - -	14
Mr. Andrew Cory Reed - - - - -	15

Thursday, 29th April 1875.

Mr. Arthur Gunn - - - - -	16
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MINUTES OF EVIDENCE.

Tuesday, 27th April 1875.

MEMBERS PRESENT:

Mr. Ashley.
Mr. Boord.
Mr. Goldney.
Mr. Heygate.
Sir James Hogg.
Mr. James.
Sir James Lawrence.

Sir Charles Legard.
Sir Andrew Lusk.
Sir Charles Mills.
Mr. Samuda.
Mr. Spencer Stanhope.
Mr. Stansfeld.
Sir Sydney Waterlow.

THE RIGHT HONOURABLE JAMES STANSFELD, IN THE CHAIR.

Mr. EDWIN HUGHES, called in; and Examined.

Mr. Boord.

1. You have lived in the neighbourhood of Woolwich for upwards of 30 years or more, I believe?—Yes, for 30 years.

2. And you have been vestry clerk of Plumstead for the last 13 years, have you not?—Yes.

3. And a member of the Woolwich Local Board of Health?—Yes, I have been a member of the Woolwich Local Board of Health for 15 years.

4. And also clerk to the district board of Plumstead?—Yes, for about nine years.

5. You are also an auditor for one of the City parishes?—Yes, for St. Michael, Bassishaw.

6. And you have an intimate knowledge of metropolitan and parochial law, more particularly those Acts?—I have to act under those Acts in my capacity as vestry clerk.

7. Can you state to the Committee the present condition of the law; I suppose you would refer to those two sections which relate to that matter?—The 163rd and 164th sections of the Metropolitan Local Management Act, 1855, relate to that. The 163rd section says, that land should have an allowance.

8. Will you read the clause?—"Provided also that any sewers rate raised under this Act shall as regards all land used as arable, meadow, or pasture ground only, or as woodland, orchard, market garden, hop, herb, flower, fruit, or nursery ground, be assessed and levied in the proportion of one-fourth part only of the net annual value of such land;" and then the next section says, "Provided also, that where any property was at the time of the issuing of the first commission under the said Act of the 11 & 12 Vict. c. 112, entitled to exemption from or to any 0.92.

Mr. Boord—continued.

reduction or allowance in respect of the sewers rate, such exemption, reduction, or allowance shall be observed and allowed in levying any sewers rate under this Act." Those sections are obeyed by the parishes in levying their rates.

9. When the Metropolitan Board of Works issues a precept, you cannot levy that portion of it which is subject to the exemptions named in those two sections?—No, we cannot.

10. Then supposing they levy a rate of sixpence in the pound, do they levy it upon the assessment which has been furnished by the assessment committee upon the assessment list?—Yes, the Metropolitan Board of Works ascertain annually the amount which each parish is valued at for poor-rate purposes, and acting upon that basis they send a precept to each of the parishes proportionately in respect of its assessable value. They do not make any allowance for that portion which is land or tithe, or any other exempted property, and the parishes consequently have to lose that money, and the loss is represented in this way, that the rate has to be made higher in the parishes so situated in order to make up the amount demanded.

11. Then they call upon you to furnish a lump sum?—Yes, they call upon us to furnish a lump sum upon our assessment.

12. And that lump sum you have to find some way or other?—We have to make the rate so much higher in consequence; a penny or a halfpenny.

13. Upon what does that increase fall?—It falls upon the entire parish.

14. It falls especially upon the house property, does it not; that is to say, if a rate of sixpence

Mr. Hughes.
—
27 April
1875.

Mr. Hughes.

27 April
1875.

Mr. Boord—continued.

in the pound is levied in your parish, the land only pays one-fourth, but the house property pays more than sixpence?—We make a rate of sevenpence, and the land pays a rate of $1\frac{1}{2}$ d., and the house property pays sevenpence; if the exceptions were allowed in the precept, we should make the rate just sufficient for the precept, say 6 d., plus cost of collection and loss by empties.

15. My object is to show that house property bears an unduly large amount of rating?—So it does, because the house property is the largest proportion of the property in the parish.

16. You stated that you were the vestry clerk of Plumstead; how does it affect Plumstead more particularly?—We have about 2,500 acres of marsh-land, and other land, which is subject to this exemption; the assessable value of it is five thousand and some odd pounds.

17. Five thousand and forty-eight pounds is the amount for arable land?—That is the annual rateable value of the arable land.

18. And the tithe is 691 l., is it not?—Yes; that is in Plumstead only, which is one parish out of the five which form the Plumstead district.

19. Plumstead district consists of five parishes, does it not?—Yes, you will find the assessment nearly 20,000 l. in the whole of that district in land. The effect of the present system is, that as far as the 691 l. of tithe is concerned in that parish, we do not collect any of the metropolitan rate at all, but we have to pay it, so that we lose 691 five-pences, or whatever it may be, upon that. Then, with regard to the land; 5,048 l. is the annual value of the arable land. If that land were houses, we should recover the full rate, but we can only recover a quarter of it, and the rest, as I have said before, has to be made up by an increased rate.

Chairman.

20. Will you answer this question, to make your evidence clear as you go on; under what section of what Act is tithe in the parish of Plumstead exempt from the sewers rate?—Under the 164th section; that continues previous exemptions. The 164th section says that previous exemptions are to be continued, and tithe was one of those exemptions. Tithe arises from the land; the land pays a fourth, and tithe pays nothing, otherwise the produce of the land would be taxed twice; it would be taxing the land and the rent too.

Mr. Boord.

21. It is suggested that these exemptions should be repealed; are the marshes in the Plumstead district drained by the metropolitan system of drainage?—The land in Plumstead is not drained in any way by the metropolitan system of drainage; it is drained by the Wallscot Commissioners; they have charge of the ditches, sluices, and river walls.

22. That would be a reply to the suggested repeal of the exemption?—At the present moment the occupiers of the marsh lands have to pay an acreage rate, sometimes very high indeed, to the Wallscot Commissioners for the purpose of looking to those ditches and walls, and if they had to pay the Metropolitan Board of Works as well, they would have to pay twice for the same work, so that to repeal the exemption would be making matters still more unjust. The Wallscot Commissioners, I should explain, sit at Dartford, and the farmers and graziers pay so much an acre to the Wallscot Commissioners; sometimes 2 s. 6 d.

Mr. Boord—continued.

an acre, sometimes more, for the repair of the ditches, the walls, and so on.

Sir James Hogg.

23. That is nothing to do with drainage?—It is for the good of the marshes.

24. That is for the benefit of the people?—Yes, but the people there do not get any benefit from the metropolitan drainage.

Mr. Boord.

25. Are you speaking of Plumstead parish?—Yes, but that applies to land at North Woolwich too.

Mr. Samuda.

26. Will you explain why the repeal of the exemption would make it worse for your parish?—The repeal of the exemption would have the effect of causing the land to pay in full to the Metropolitan Board of Works.

27. That is what you call the repeal?—Yes.

28. I did not understand you to mean that; I thought you meant the taking away of the land, and only charging upon the houses?—The repeal is what is suggested as an alternative plan; the repeal means that land should pay in full; they would be paying the two bodies; you would relieve the houses by charging the landowners more than they ought to pay; you could relieve anybody by putting upon somebody else something which he ought not to pay. The Metropolitan Board of Works main drainage goes through the marsh, but has no connection whatever with the land; it is a mere closed conduit.

Mr. Boord.

29. It passes through to the southern outfall, does it not?—It is merely a conduit; it does not affect the land at all except to injure it, as it cuts the springs which supply the ditches where the cattle formerly had good water, and now they do not get it in consequence of the Metropolitan Board having driven this cutting for their drain right through the marsh; it does not drain the marsh, but it has absolutely taken away the pure water which they used to have.

30. Are there land occupiers in the Plumstead Marsh who have also land in the adjoining parish of Erith?—Yes; the parishes adjoin, but Erith is not in the metropolis.

31. If the exemptions were repealed it would have this effect, that the land occupiers in the Plumstead parish would be at a disadvantage as compared with the land occupiers in Erith?—To repeal the exemption and charge the land in full would be simply to double the tax; Erith would only pay the Wallscot, whereas Plumstead would pay both the Wallscot and the consolidated rate, but the exemption upon land is general all over England both under the General Law and under the Public Health Act. If you were to repeal that exemption you would have to do so over the whole of England, for the Local Government Act gives an exemption of one-fourth to land.

32. Can you substantiate that by a reference to the Act?—Yes; I refer to the Local Government Act of 1858, Section 55; I will read the clause: "The owner of any tithes, or of any tithe commutation rent-charge, or the occupier of any land used as arable, meadow, or pasture ground only, or as woodlands, market gardens, or nursery grounds, and the occupier of any land covered with water, or used only as a canal or towing path

Mr. Boord—continued.

path for the same, or as a railway constructed under the powers of any Act of Parliament for public conveyance, shall be assessed in respect of the same in the proportion of one-fourth part only of such net annual value thereof." That applies to hundreds of parishes; I do not see how you could alter it for Plumstead unless you alter the entire law throughout the country.

33. The tithe of your parish of Plumstead pays no sewer rate?—No, it has no sewers; it pays no sewers rate.

34. It is commuted and paid by the landholders?—The tithe of Plumstead parish would not be benefited if ever so many new streets were made through the city of London; it would have no effect upon the tithe; it is like an annuity of the Bank of England; it is not in any way affected or improved by anything the Metropolitan Board of Works may do, and our marsh land is not likely to be used for building, I suppose, for the next hundred years.

35. It is chiefly marsh land in Plumstead parish, is it not?—Nearly all of it is marsh land.

36. Therefore it is not likely to be increased in value very rapidly?—No, it is below the level of the river; it is not suitable for building; it sells for about 100 *l.* an acre, and that is not a building price.

37. What is the amount of the Wallscot sewers rate?—It varies; it has been sometimes as high as 17 *s.* 6 *d.* per acre, but it is generally about 2 *s.* 6 *d.*; they have periodical presentments to repair it; that is under the old Sewers Acts, which, I think, began in the time of Henry the Eighth.

38. What we want the Metropolitan Board of Works to do for the parish of Plumstead is, practically, what they have done with the South Hornsey district, is it not?—Yes, South Hornsey was an extra Metropolitan district which has been brought into the area of the metropolis, under the general powers of the Act of last Session, ordinarily called the Finsbury Park Act, which although containing other matter, introduces the South Hornsey district to have the benefits of the metropolitan drainage, and, in fact, to become incorporated with the rest of the metropolis for that purpose, and to pay for those benefits a sum to the general fund assessable on their general district rate; they being a local board, only put land at a fourth, and tithe at nothing at all, so that the Metropolitan Board itself introduced a new partner last year upon those terms, which are more favourable, inasmuch as they admit of exceptions which we think they ought to allow, while the same privilege has been denied to those who have been in the partnership for 20 years; that makes the grievance all the greater. If they had admitted the South Hornsey district upon a sum assessable on their poor rate, then that would have been treating South Hornsey the same as we are at present treated, but Section 18 of the Metropolitan Board of Works Act, 1874, says, "The South Hornsey Local Board shall pay a yearly sum sufficient to provide the requisite interest and sinking fund, in respect of such, a proportion of the money for the time being borrowed by the Metropolitan Board of Works for main-drainage purposes, and remaining undischarged; as the annual rateable value of the property in the district of the South Hornsey Local Board, assessable to the general district rate, bears to

0.92.

Mr. Boord—continued.

the annual rateable value of the property in the metropolis, liable in respect of main-drainage charges." Then the 5th sub-section of the same clause says, "Provided that the amount of any such further yearly sum as last aforesaid, shall not exceed a sum which shall bear to the whole expense incurred by the Metropolitan Board of Works in the maintenance and working of their main drainage system, the same proportion as the annual rateable value of the property in the district of the South Hornsey Local Board, assessable to the general district rate, bears to the annual rateable value of the property in the metropolis, liable in respect of main-drainage charges." It should have said "poor rate," if the present system is to be upheld. I am inclined to think that there are two other cases of a similar nature, namely, Beckenham, and some other place which have similar advantages, but I have not the statutes here.

39. What difference annually would this Bill make to the parish of Plumstead?—Of course whenever these exemptions are allowed, the difference will have to be spread over the entire metropolis. We quite understand that, but making all allowances, and assuming the rate to be about the same as it is now, although I dare say it will increase, it would make about 400 *l.* a year difference to the Plumstead district. To the Plumstead parish it would only make probably a difference of 100 *l.* or 120 *l.* a year, but to the district 400 *l.*

40. That 400 *l.* a year would be a distinct relief to the small occupiers?—It would be a distinct relief to the small occupiers in that district.

41. On the one hand, it would be spread over the 20,000,000 *l.* rateable value of the metropolis?—They would not feel it at all; our amount of 400 *l.* spread over that area would be so trifling.

42. If the rate is taken off your place, it must be spread over somewhere, and it would be spread over the 20,000,000 *l.* of the metropolitan area?—It would not be felt by anybody I think.

43. On the other hand, it would be a great relief to the small occupiers, chiefly artisans, I believe, employed in the Royal Arsenal?—It is not so much to relieve the poor people, but that the parishes do not like to pay what they cannot recover.

44. But I put it upon that ground that it would have that effect?—We should find it so.

45. Have your rates been high?—They have been very high indeed.

46. How high have they been?—They have been up to 8 *s.* 6 *d.* in the pound altogether in Plumstead; another thing that we object to is that we are farthest away from all the improvements, and have to pay more than anybody else on account of those exemptions not being noticed.

47. In point of fact, your householders have to pay more towards the metropolitan improvements than those in the central districts?—Yes, our consolidated rate is higher by about a penny than those of the parishes which are situated in the midst of all the benefits which the Metropolitan Board of Works improvements have conferred; those farthest away pay most.

48. Out of the 80 metropolitan parishes, 43 have no exempt property?—About half.

49. And those outlying districts have to pay considerably more in proportion than the central ones,

A 2

Mr. Hughes.

27 April
1875.

Mr. Hughes.

27 April
1875.

Mr. Boord—continued.

ones, have they not?—Yes, there is a case in the City of London which would about make it equal if your Bill passes; they have tithe in the City of London to the extent of 16,000*l.* a year, and they cannot recover it, but they have to pay it, I think. It would leave them about the same; it would benefit them on the one hand, and on the other hand they would have to bear their share of our exemption when it is spread over 20,000,000 *l.*; at the present time they are paying on 16,000 *l.* of tithe; that is 400 *l.* a year which they cannot recover.

50. Do you know anything about the parish of Eltham?—The parish of Eltham is very much like Plumstead, except that it is not under the Wallscot Commissioners.

51. £. 6,620 is the rateable value of the arable land of Eltham?—Yes, there is no outfall provided at all there.

52. And 1,205 *l.* tithe?—Yes.

53. Therefore that is a case in point?—Yes, that is a similar thing.

Sir Charles Mills.

54. Is not Eltham proposed to be drained?—Yes, the West Kent Bill will remedy that, but the land has not had any benefit by drainage in Eltham, and has not risen in price as arable land in 20 years.

Mr. Boord.

55. It is said that the consolidated rate of the Metropolitan Board of Works contains a variety of other matter, but only a very small proportion of it is in respect of sewers rate?—I will show you exactly how that stands; the fire brigade is a halfpenny out of the present fivepence farthing.

56. Fivepence farthing is the present precept?—Yes; we shall have to make a rate for more than that; we shall have to make it 7 *d.*

57. On account of this inequality?—Yes, on account of this inequality, and to make allowance for empties. The Metropolitan Board of Works make no allowance for empties; we must therefore make allowance for that, and also for poundage on collection.

58. What do you expect would be the result of repealing the anomaly which this Bill is intended to remedy?—I have given the figures for Plumstead district; we shall save about 400 *l.* a year.

59. Would it amount to a penny in the rate?—No, not to a penny. At present the fire brigade rate is about a halfpenny, as I have said, of the fivepence farthing, and I think the main drainage rate forms about threepence; probably the sewer works come to about that; the remaining 2 *d.* is for metropolitan improvements.

60. Is not there a clause in the Act of 1855, or in the amending Act, directing that this rate should be levied in the same manner as the sewers rate?—Yes, if the Metropolitan Board of Works had in their Consolidated Rate Act said that a certain portion of the rate should be levied as a general rate, we should have a remedy; but with regard to the fivepence farthing, that is divided in this way: threepence is for sewer purposes; twopence for general improvements, and about halfpenny for the fire brigade. But the Act that makes the consolidated rate a sewer rate is this very Metropolitan Board of Works Loans Act. 1869, section 22. Section 22 creates the consolidated rate. Under

Mr. Boord—continued.

that Act the whole of the rates instead of being called "Metropolitan Management" and other things, were to be called "Consolidated Rate," and that section says that the consolidated rate shall be assessed and raised in manner provided by the Metropolis Management Act, 1855, and the Acts amending the same," and that "the provisions of this Act shall extend and apply to, and in the case of the consolidated rate in the same manner as if that rate were therein mentioned"; that is the Act of 1855; "instead of the sums required for defraying the expenses of the board incurred in the execution of the Metropolis Management Act, 1855, and for the main drainage rate respectively," so that the consolidated rate is to be raised just the same as the main drainage rate, and that includes all the exemptions; there can be no doubt that the consolidated rate is by law now leviable as a sewer rate, and the exemptions apply.

61. Then the land does not benefit from any of those other matters which are included in that consolidated rate besides the sewers?—The land, as far as I can see, does not benefit from the operation of the Metropolitan Board of Works at all.

62. Therefore to say that only a small portion of the consolidated rate is sewer rate, would not be the fact?—It would not; it is possible that the crops upon the land might be destroyed by fire, and the fire brigade might be of some service, but that is a remote contingency; but the land does pay a 1½ *d.* out of this 5 *d.*, so that seems to me ample to compensate for all the benefits the land may receive.

63. I suppose your remarks with regard to the parish of Plumstead, which we have been discussing up to the present time, relate also to the other four parishes in the Plumstead district?—No doubt; I was only quoting Plumstead as a specimen; all the parishes round the metropolitan border are more or less in the same category, except as to the Wallscot. I think the Wallscot is peculiar to the marshes.

64. The Wallscot applies to the north of the Thames, does it not?—Yes, it does; to Woolwich Marshes. There is no drainage at North Woolwich which benefits the land at all; the land is not benefited.

65. Has this land any special advantage from being within or so near the metropolis; do not the railways now do away with any advantage that might be supposed to attach to such proximity?—I think that land in the vicinity of a large city like the metropolis, would ordinarily be valuable for market garden purposes to supply so large a population, and therefore would be of enhanced value; but I think, now that there are so many railways into London, that land, which is 20 miles from the metropolis, competes with regard to market-garden produce, even with the land which is within the radius, and effectually competes with it, so that I do not know that it is much advantage now. I think you will find that most of the supplies to London come by railway in immense quantities; that accounts for the price of land not having gone up lately.

Mr. Samuda.

66. The price of land is not gone down, has it?—No, it has not gone down; but I do not think the price of land in this district has increased at all; it is marsh-land, and only fit for grazing.

Mr. Samuda—continued.

Of course when the land becomes of a higher value such as building land, and gets built upon, then the exemption ceases. It pays its full amount directly; it is only while it is used as land that it gets the exemption.

67. Should the tithe be in any way affected by the repeal of the exemptions?—No; repealing the exemption and making the land pay the full amount of rate which has been suggested, should not affect the question of the tithe, because there can be no reason why tithe should pay to the sewer rate at all.

Mr. Boord.

68. If you do away with the exemption the land would be, in the Plumstead parish, paying a treble sewer rate, because you would be paying in respect of the tithe which was derived from the land; then the land would pay for itself, and then it would pay this Wallscot rate?—Yes.

69. So that if you repeal the exemption, it would pay a treble sewer rate?—As I said before, unless you do away with the exemption all over the country, I do not see how it can be done away with here; but I put forward any opinion of that kind with great submission; it is only as it appears to me; with regard to the other clauses upon the mode of ascertaining the exemptions under the Metropolis Valuation Act of 1869 the assessments in the metropolis were divided into classes. Land was of a particular class, having a deduction between the gross and the net of 5 per cent.; other properties were of different classes, so that the valuation lists, as they are now in existence, show the land separately and show the tithes separately. The Metropolitan Board of Works, in making out their precepts, would necessarily want information with reference to these exemptions. In consequence of the valuation lists since 1869 showing this property separately there is no difficulty in the Assessment Committee stating, at the end of the list, so much land, so much tithe, and that could be printed in the annual return which is sent to the Metropolitan Board of Works from the Metropolitan Asylums Board, and in making out their precepts they could be guided by official figures which would save them any trouble. There would be no difficulty in manipulating it, supposing the exemptions were to be allowed by the Metropolitan Board of Works, it could be ascertained for them officially by the Assessment Committees.

70. You would not propose to interfere with the totals?—No, you cannot interfere with the totals, because they are wanted for the poor-rate purposes.

71. You could give the additional information in the form of a note, could you not?—Yes, it could be given in a note. This includes so many thousand pounds of land and so much tithe, and then the Metropolitan Board of Works in making out their precept would make a deduction as to three-fourths of the land, and the whole of the tithe or other exemptions, if there were any. I am told there are other exemptions in some of the parishes; that waterworks under special Acts only pay a fourth, and the parishes lose the other three-fourths. That could be all attended to by assessment committees.

72. The total amount of tithe in the metropolitan area is 29,194 £.?—Yes, it is so reported.

0.92.

Mr. Boord—continued.

73. Of that, 25,051 £. is totally exempt?—Yes.

74. One thousand one hundred pounds is exempt as regards 75 per cent.?—Yes.

75. And the rest is charged in full?—The rest is charged in full. My own opinion is that where anything is charged in full it is for want of knowledge that the exemption should be made. I have found out, since the matter has been mentioned, that the rating upon the tithe has been discontinued in several parishes where it formerly existed, for want of knowledge on the subject.

76. The amount of arable land has been mentioned?—Yes, it has.

77. The amount of arable and pasture land is annually 88,857 £.?—Yes.

78. And that is diminished by building, is it not?—Yes; no doubt the metropolis is extending, but it would take a long time to absorb all that land.

79. Then what you stated with regard to Plumstead parish may be stated with regard to other parishes along the metropolitan boundary, excepting only that peculiar rate that you have mentioned, namely, Wallscot, therefore, I hardly think it is worth while to go into details, unless the Committee wish to?—The vestry clerks and the officials of the several parishes are prepared to state the exact amount of injury which they suffer, and I presume they will be called. I only know about those parishes from information which has been communicated to me. There is a peculiarity about the parish of Lewisham. Lewisham, for drainage purposes used to be under the Commissioners of Sewers. It was called the Ravensbourne district, and the land was always exempted to the extent of three-fourths under the old Commissioners of Sewers, that is to say, it only paid one-fourth, and of course it only pays a fourth now to the consolidated rate; that practice has been in existence for centuries, but the parish of Lewisham has to pay to the Metropolitan Board in full. The difference between Lewisham and Plumstead is this, that the practice in Lewisham has been longer in force to allow the three-fourths, their exemption being in existence by Acts previous to the Metropolitan Act of 1855.

80. Do you mean that the Metropolitan Board of Works have been in the habit of making allowance?—No, I say that the land in the Lewisham district has not only been exempt to the extent of three-fourths since the Metropolitan Act passed by virtue of that particular Section 163, but was exempt previously under the Commissioners of Sewers. The amount of the rateable value of arable land in Lewisham is over 10,000 £.; there is another reason for not raising the rating on land up to the full, namely, that it would disturb all the contracts upon the lands between landlords and tenants; persons taking a lease upon the understanding that they had to pay one-fourth, would be disturbed by knowing that they were to have three-fourths added on to that; it would come as a surprise to them; a good deal of this land is held under leases; at present the loss falls upon the parish; I find that in the City of London the Metropolitan Board of Works allowed an exemption up to 1870; not purposely, but it was in consequence of the particular form of the assessment there.

81. That was on the tithe?—Yes, the tithe of the City of London was 16,000 £., and up to 1870

A 3

Mr. Hughes.

27 April
1875.

Mr. Hughes.

27 April
1875.

Mr. Boord—continued.

the assessment of the City of London was on the sewer basis, so that the City of London escaped payment on the tithes up to that time while we had to pay.

Mr. Samuda.

* 82. Since then they have had to pay?—Yes, now they have to pay 400 l. a year which they cannot get back; but they are not so badly off as we are, because they have only paid it for four years and we have paid it for 20; the complications are very great throughout the metropolis.

83. Have you any further statement to make for the information of the Committee?—I have not.

Sir James Hogg.

84. I think you said that the object of the Bill which has been brought in by Mr. Boord was to relieve your district of certain payments?—Yes, and districts similarly situated.

85. If you are relieved, the rate would be thrown on the rest of the metropolis?—It would undoubtedly.

86. Might I ask you whether there is much building going on in the Plumstead district?—Not much.

87. Do you tell me that at Shooter's Hill, and all round, there is not much building going on?—There is not much building going on there.

88. Will you give me an idea how much building is going on?—In Plumstead parish we have applications coming before our district board with regard to new buildings; we have notices from them. I should think we had not 30 new houses in the Plumstead parish last year.

89. Are you speaking with regard to the Plumstead district?—I am speaking with regard to the Plumstead parish, upon which I can give a distinct and positive opinion. With regard to the other districts I should prefer to refer the question to gentlemen from those parishes, but I do think that building is going on very rapidly.

90. You stated that the rateable value of the arable and pasture land in the metropolis was 87,000 l., and that it was constantly decreasing; is that so?—Yes, because every new house takes the land out of the category of exemption.

91. There is always some building going on in Paddington?—Yes.

92. Do you think that land in Paddington and in places contiguous is building land or not?—I think if the land is not built on, it ought to have exemption.

93. Do you think that those lands which are adjacent to the metropolis and which are not built upon should be entitled to the same exemption as lands which are outside in the position of the marshes?—I think that until land is built upon or occupied by houses, except the garden of a house (which, of course, would be included in the house), as long as it is used as market garden or grazing, it should be entitled to the exemption.

94. Would you give the same exemption to land which is practically building land in London as to the marshes which you are speaking of in Plumstead?—I do not consider land building land for the purpose of rating until it is built upon; the fact of its being near houses does not make the grass crop any better, and I do not think it should pay any extra rate in consequence of its being near to houses.

Sir James Hogg—continued.

95. You do not think it improves the value of the land to be close to houses?—Not to the occupier.

96. It does not improve the land being near London; take market gardens, for instance, are they not more valuable on that account?—Market gardens are valuable near London, no doubt, but market gardens do not grow any better crops for being near London.

97. In that case the land is more valuable, is it not?—The land does not grow more crops; there may be an increase in the value to the owner, but it does not affect the ratepayer.

98. Of course by contiguity to London they must benefit by the sums which have been spent in the metropolis for various purposes of improvement?—I should think not.

99. Should you think that a market gardener was not benefited by having good roads to take his produce into the metropolis?—The measure of the value of the land is the rent which he pays.

100. Does not he benefit by the roads which they are making?—He has to pay for the roads out of his general rate.

101. Does not he benefit by the roads which are being made and lighted?—Take Mr. Jeans, of Plumstead, who is a market gardener, and has to bring his produce to the Borough Market, I cannot see any way in which the Metropolitan Board would benefit him.

102. You think that the making of roads upon the outside of the metropolis, or any other city, does not improve the value of the land which is contiguous to the metropolis?—It increases the value to the freeholder but not to the occupier; I am quite aware that the value of land would rise in consequence of its proximity to a great city to the freeholder, but the value of the land to the occupier would be increased only by the increase of the crops it produced.

Mr. Samuda.

103. And by its proximity to markets?—Yes.

104. I suppose you mean that the increased value would be charged in an increased rent?—Yes, the occupier ought not to pay it in rent and taxes too.

Sir James Hogg.

105. With regard to the Outfall Sewer; you said that it damaged your marshes?—Yes, it does.

106. Will you tell me how that is?—There is another witness to come who could give you better evidence upon that point than I can, I am not an engineer, but I am told that the cutting made for sewers has altered the flow of the spring water.

107. But you told me in another part of your evidence that the marshes were below the level of the river; surely there must be some fresh water that percolates through into the marshes?—The ditches used to be filled with good water, and now they are not.

108. If the marshes are below the level of the river, surely the river must percolate through the land into the marshes?—I am not able to say much as to that.

109. If the land is below the level of the river the water must percolate through?—Certainly, and the springs too.

110. Consequently the sewer cannot damage the

Sir James Hogg—continued.

the marshes?—The sewer stops the spring water from flowing where it used to flow.

111. You stated something with respect to Hornsey; I want to ask you whether you are not aware that Hornsey only contributes to the main drainage and not to the general fund?—Possibly.

112. Are you aware also that South Hornsey was drained by the metropolitan system for 20 years without paying a farthing?—It is quite likely; they ought not to have done so.

113. Are you aware that South Hornsey, although within the metropolis, was practically without the metropolis?—Yes, I am aware of that.

114. Do you know that South Hornsey is practically entirely built over?—Yes.

115. Do you think that the Metropolitan Board of Works were wise in making the arrangement with a district which had been drained by their system for 20 years, for making a payment of some kind?—That is no doubt a proper arrangement.

116. So that there could be nothing unfavourable to your district in our making this arrangement with South Hornsey?—But it was unfavourable, being for drainage purposes.

117. I am talking of your consolidated rate?—More than half of that is for drainage.

118. This Committee is dealing with the consolidated rate which the Metropolitan Board of Works are bound by Act of Parliament to make in every district of the metropolis. This arrangement which you allude to has only reference to a drainage rate?—That is a portion of the consolidated rate.

119. But this Committee is not dealing solely with the drainage rate; it is dealing with the consolidated rate. I quite grant that a portion of that is for drainage, but we contend that your district gets all the benefit from the consolidated rate which has been spread over the metropolis?—No doubt. The contribution of South Hornsey is a lump sum, to compensate for what I would call the plant of the metropolitan main drainage; and with respect to that contribution which is purchase money under the words "district rate," they have the benefit of those exemptions which we have not. The consolidated rate is only a sewers rate.

120. The consolidated rate includes a number of other things besides the sewers rate?—But it is a sewers rate, because Parliament says it is to be levied as a sewers rate, and the Metropolitan Board of Works cannot make it as a sewers rate, and then call it something else.

121. Who called it a sewer rate?—The Metropolitan Board in their own Act.

122. Parliament ordered the Metropolitan Board to put every species of taxation under that head, and call it a consolidated rate?—Yes, but still to be levied as a sewers rate.

123. You will allow a portion of it is for sewers rate, and a portion for other improvements?—I will allow that it includes the sewers, and includes also other things which do not belong to sewerage, but still it is called and levied as a sewers rate.

124. Do you think if the exemption were abolished, the value of the land would fall in its rateable value?—Certainly not.

125. You do not think it would?—No.

126. Do you think that if exemption were abolished it would not affect the value of the 0.92.

Sir James Hogg—continued.

land?—No, I do not allege that it would affect the value, because the land only pays a fourth.

127. I say, if the exemption is repealed, and the land is to pay the same as the houses, do you think that that would affect the value of the land?—It would simply affect the pocket of the occupier.

128. That is all?—I think that the amount which he would have to pay, although unjustly, would not be of such an extent that it would seriously affect anything.

129. You do not think so?—No, I do not think it would.

130. You stated that this rate was a sort of anomaly; is there not quite or very nearly as great an anomaly in St. George's, Hanover-square, there are not many empty houses there?—No.

131. Do you know anything about Chelsea?—Yes.

132. What is the per-centage of empty houses in Chelsea?—I think it is greater.

133. Will you take it from me, that is 10 or 15 per cent.?—Yes, possibly.

134. Would not that make a great difference in the rating, would not St. George's be able to levy a smaller rate than Chelsea?—Yes, undoubtedly.

135. That is a little anomaly, is it not?—Yes, it is.

136. Would you oblige the Metropolitan Board of Works to make allowance for empty houses?—No, I do not propose that they should do that; I think the Metropolitan Board of Works, on principle, should make an allowance for empty houses, but in practice it cannot be carried out.

137. You think they ought to do it?—On principle undoubtedly they ought, but it could not be carried out, because the number of empty houses in each parish is so constantly varying that you could not arrange anything which would fairly meet the case.

Mr. Boord.

138. But that is not proposed in the Bill?—It is not proposed, but I said that we had to make the rate higher than the precept, because we have to calculate for empties and for poundage.

Sir James Hogg.

139. You said something about land paying the sewers rate three times over?—I think it was an Honourable Member who said it, but I would agree with him.

140. Will you explain that to the Committee?—The idea was this, that at the present moment the land in the Plumstead Marshes paid the Wallscot Commissioners for attending to its ditches and sluices, which I call drainage, and then it pays the Metropolitan Board through its parish for drainage purposes one-fourth of the consolidated rate, that is the second tax. If you repealed the exemption (which was the assumption), they would pay it again to the Metropolitan Board of Works, and that would be paying a second body for drainage purposes.

141. That would be the same body?—The Metropolitan Board of Works is one body, and the Commissioners of the Level are the second body, and they would be paying both of them for the same services. If you do away with the exemptions, and the land pays in full, then the land

Mr. Hughes.

27 April
1875.

Mr. Hughes.

Sir James Hogg—continued.

27 April
1875.

land would be paying the Metropolitan Board of Works for drainage purposes, the land would be paying the Commissioners of the Level for drainage purposes, and the tithe arising from the land, if the exemption is repealed, will also pay the Metropolitan Board of Works for drainage purposes, so that is three times that the land pays for drainage purposes.

142. Is there any exemption from the poor rate?—No.

143. Is there any exemption from the school rate; that is included in the general rate, is it not?—No; it is included.

144. Nor the Asylums Board, is there any exemption from that?—No, I think the land should bear a school rate, because I think the agricultural labourers and others, whose children are employed upon the land, would require a school board as much as any other class.

145. And the Asylum Board too?—Yes, I think that the agricultural land should bear a fair share of that.

146. As regards tithe, you stated there were some districts in London which did pay, and some which did not?—Yes.

147. I see that they are not exempted in Paddington, Camberwell, Chelsea, Mile-End, Hampstead, and many more?—Camberwell is now exempt; they have found their mistake out.

148. I have got it in my return as not being exempt?—It is since that return was prepared.

149. Greenwich, Newington, Bow, Bromley; there is no exemption in those cases?—No, they did not claim it; they should have it allowed.

150. Is there not an anomaly in the fact that there is exemption in some places, and not in others?—It is one of their own making; I do not propose that the board should allow anything where the parishes can obtain it themselves.

151. You would allow that there are a very great number of anomalies?—There are certainly thousands of anomalies; in the metropolitan district especially.

Sir Charles Mills.

152. You have a per-centage of empty houses in Plumstead district, just as much as in Chelsea, have you not?—Yes, rather more.

153. And you do not claim to have any exemption made in this Bill for them?—No.

154. The consolidated rate is a sewer rate, and therefore you cannot discriminate between that portion which is levied for sewers, and that portion which is levied for general purposes?—No, it is all in one precept.

155. Do you think that the land in Plumstead itself, derives any advantage from its proximity to the metropolis?—I do not think it does the slightest.

156. There are very few market gardens in that quarter, I believe?—We have a few, but the marshes are chiefly used for grazing.

157. Supposing that land was available for market gardens, of course it would be shown by the increase of rent?—Yes, market garden land brings in a greater rent than marsh land.

158. And then on the land greater taxation would be made?—Yes. But still the exemption would continue, although we should raise the annual rateable value if the land went up in value.

159. Still this land would pay upon a greater value in proportion?—Yes, but still we should

Sir Charles Mills—continued.

have to pay upon the increase, and only get a fourth; it would not benefit the parish.

160. Yes, it would, surely?—If we altered the rateable value of the land in consequence of its letting for more money, then the Metropolitan Board of Works would take so many more five-pences from us, and we could only recover so many three-halfpences, so that the higher the land goes up the greater our loss.

Sir Sydney Waterlow.

161. I understand that the case you put to the Committee on behalf of the Plumstead District, and on behalf of other districts in the Metropolis similarly situated is this, that the districts ought not to be called upon to pay upon the rateable value, that which they themselves cannot insist upon in their own districts, or, in other words, that whatever the exemption, they are bound to allow by Statute, the Metropolitan Board ought also to be bound to allow to the district?—That is the entire case; they say we are bound to obey the law, and we should like the Metropolitan Board to obey it in the same sense that we do.

162. Do I understand you to complain that under the existing law the occupiers of houses have to pay a larger proportion on their respective rateable value than the occupiers of land?—No; what I complain of is this, that in parishes where there is land, houses have to pay a higher consolidated rate than they do in parishes where there is not any land. I do not think a house in Plumstead ought to pay more per pound than a house in St. George, Hanover-square; I think it ought to pay less.

163. You do not consider that the occupier of a house in Plumstead should pay on a higher rateable value on his house than a man who lives elsewhere, because he is allowed three-fourths of his rate on the land?—That is what I complain of; we have to pay a higher rate than the metropolis, simply because there is more land in the parish; we have to make a higher rate to make up the deficiency.

164. You stated that there have not been many instances of building in the Plumstead district during the last few years?—I spoke generally about Plumstead and the district, and specially with regard to Plumstead parish.

165. Has there not been a rise in the rateable value in consequence of the increase of building ground?—I will give you the exact increase; the increased value in Plumstead parish between 1873 and 1874, was only 296 *l*.

166. And in the district?—It is about 4,000 *l*. in the entire district; the chief increase is in Lee, which is 2,000 *l*.; that would not represent many houses.

167. The increase in this one district in the year was 4,000 *l*. in the rateable value, mainly from the occupation of new houses?—Yes; and the alteration of old ones.

168. You told the Committee that you thought the arrangement made by the Metropolitan Board of Works with South Hornsey parish, was one which admitted the principle you were seeking to establish?—I still think so.

169. I understand you, that in South Hornsey, they are only taxed for the right of entry into the main drainage, and only pay towards the main-drainage rate?—There is no such thing as a main-drainage rate; it is all a consolidated rate, and they pay towards the consolidated rate.

170. Do

Sir Sydney Waterlow—continued.

170. Do they pay the same proportion towards the consolidated rate as the other parishes formerly did towards the main drainage?—*Sir James* tells me that they do not pay the consolidated rate, but that whatever they pay is carried to the credit of the consolidated rate, and that what they do pay is paid upon the principle which I am contending for, and not upon the system that we are under.

171. I understand that if they are allowed to take credit for exemptions, then the other parishes ought to be allowed to take credit for those exemptions?—Yes; under those circumstances I think that South Hornsey, whatever it is assessed upon, ought to have been upon the county or poor rate basis, the same as we ourselves. At the present moment they are treated more favourably than we are.

Sir James Hogg.

172. At the present moment South Hornsey is only admitted for drainage purposes, and is only taxed for main-drainage purposes?—We should like exemption for main drainage purposes the same as South Hornsey gets.

Sir Sydney Waterlow.

173. I understand you to say that if South Hornsey, paying only a proportion of the consolidated rate, is allowed credit for exemption, those who pay the whole ought equally to be allowed credit for the exemption?—I do think so, if only to the extent of South Hornsey. South Hornsey contributes in respect to main drainage alone. I do not know what was spent upon the main drainage but suppose 15,000,000 *l.* South Hornsey contributes to that, and gets the benefit of the exemptions; we contribute to it annually, and we get no benefit from the exemptions.

Mr. Heygate.

174. I understand you to say that you do not consider that land ought to be considered as building land until it is built over; you would hardly adhere to that, I presume, on consideration?—I would, as far as regards the occupier; the occupier is the ratepayer; its becoming building land does not affect him; his profit arises from the crops he gets from the land, and the result to the occupier of its becoming building land is, that it probably brings a notice to quit from his landlord.

175. But you would not object to the term "building land" meaning land that may be built upon within a reasonable time?—Clearly not, but that does not benefit the occupier; it is the owner who benefits from that.

176. With regard to the damage done, as you say, by the Southern Outfall Sewer to the lands through which it passes, I suppose that was a matter of arrangement at the time the land was taken, and all damage of that kind would be considered and compensated for at the time of the compulsory purchase?—The Metropolitan Board of Works would undoubtedly pay for all the land they took, but I never heard that they were paying for a remote injury to all the owners of the marshes, and I do not think they did.

177. I suppose the land was taken under the compulsory powers of an Act of Parliament?—No doubt, under the Lands Clauses Act.

178. The vendor of the land is entitled to full
0.92.

Mr. Heygate—continued.

compensation, is he not?—Yes, but it does not all belong to the same parties; you may purchase land going through certain properties, but there are other owners outside those who have no compensation; not being affected immediately by the works.

179. You mean that there may be land affected which is contiguous to that which is taken?—Yes.

180. But there would be an opportunity for compensation even in that case, would there not?—Not in that case, I think; I merely assert this that the Metropolitan Board of Works sewer does not drain the land, but on the contrary has injured it.

181. It must drain it to some extent?—The land is drained into the ditches, and the water from the ditches goes into the river by sluices at particular states of the tide.

182. I forget the number of acres which you represent?—Two thousand five hundred acres.

183. But at all events your contention is that a very small proportion of those 2,500 acres is benefited in any degree by the expenditure of the Metropolitan Board of Works?—I say none of it is benefited in any degree by the expenditure of the Metropolitan Board of Works.

184. Not any part of it which is likely to be built upon in a few years?—It will be benefited when it is built upon, but that is not the occupier's profit, it is the owner's profit, that is the distinction I have been endeavouring to draw.

Mr. Spencer Stunhope.

185. How many separate rates are there levied upon this land?—The consolidated rate is the one we are engaged upon now.

186. Is that the same as the general rate?—No, the consolidated rate is a Metropolitan Board rate, the general rate is for the repair of the Highways, and the poor rate is another rate.

187. Those are separately levied, are they not?—Yes.

188. And there is the Commissioners' rate besides?—Yes, the Wallscot Commissioners' rate.

189. What you complain about is the Metropolitan Board not allowing exemptions?—Yes.

190. As far as individual occupiers go, although the whole sum charged upon the district may be evenly assessed, still the occupier of this land only pays one-fourth individually?—Yes, but the other parties have to make up the difference.

Mr. Ashley.

191. I understand you to say that in your view of the Act of 1869 this consolidated rate must be levied as a sewers rate?—There is no doubt about that, that is the Statute.

192. What remedies have the districts got against the wrong assessment of the Metropolitan Board of Works?—A district having the precept of the Metropolitan Board of Works could, of course, object to their precept if there were any grounds for doing so.

193. Is there not an appeal to the Court of Queen's Bench?—Yes, I have thought of that; I have thought of getting the Metropolitan Board of Works by a decision of the Court to make the allowance.

194-5. I want to know whether you have ever instead of coming for an Act, taken the preliminary step of asserting your reading of the Act before a court of law?—I do not read the Act as
B saying

Mr. Hughes.

27 April
1875.

Mr. Hughes.

27 April
1875.

Mr. Ashley—continued.

saying that the Metropolitan Board are bound to allow it.

196. If you read Section 163 of the Metropolitan Local Management Act 1865, which is set out in this Bill, you see it is provided that any sewer rate shall be assessed and levied in a certain proportion?—That is by the parishes because there is a special clause in the Act of the Metropolitan Board of Works which says distinctly that the Metropolitan Board of Works are to be guided by the county basis.

197. You do not come here to contend that "assessed and levied" means assessed and levied by the Board of Works?—No, it means assessed by the parishes.

198. Then you would have no remedy except by a Bill of this sort?—No remedy whatever; if I had had a remedy I should have tried it directly; there appears at first to be a remedy, but the section which says that the Metropolitan Board of Works are to be guided by the county basis is very clear, and the Metropolitan Board of Works have held that view all through, and I quite agree with it myself.

199. The whole of your grievance, as I understand, is this, that as to the exemptions of the 163rd section of the Metropolitan Local Management Act, they make the district the unit and not the metropolitan area, and you contend that they ought to make the metropolitan area the unit?—No, I do not quite understand.

200. You contend that the assessment should not be confined to the district, but that it should be applied to the whole metropolitan area?—That is what I contend, or by getting the exemptions in each of the districts and making allowance for them, which would come to the same thing.

201. That would give more trouble, would it not?—Not to the Metropolitan Board of Works, because in the Bill there is a provision that the assessment committee shall make a return of the exemptions; the Act of 1862 is the Act which speaks of the assessment by the Metropolitan Board of Works. The 6th and 7th sections of the Act of 1862 say, that the Metropolitan Board of Works shall estimate according to the county basis or other like basis; upon that basis there is no notice of these exemptions at all.

202. Then your only remedy is by a Bill?—Yes.

Sir Andrew Lusk.

203. With regard to the value of land near town; you said that the value of the land in Plumstead was 100 l. per acre?—Yes, that would be about the price; it is rated at 3 l.

204. Now what could be the agricultural value of that land if it was 50 miles from London?—It would depend on what direction it was; it might have a market of its own.

205. Would it be anything like 100 l. an acre?—Yes, I should say so certainly.

206. Do you mean to say that land in the vicinity of London is not enhanced in value by being near London?—This particular land is grazing land; I am not aware that the cattle that are fed there are slaughtered in London; my impression is that they go to Romford and various other local markets.

207. Will you affirm that land in the vicinity of London is not enhanced in value because it is near London?—I think it must be; I admit that land near towns undoubtedly fetches a higher

Sir Andrew Lusk—continued.

rent than land in other places; there is no doubt it does.

208. Take the Isle of Dogs; do you recollect when the Isle of Dogs was almost entirely marshes?—Certainly.

209. Are you aware that that has increased enormously in value?—No doubt of it, because it has been made into docks and buildings.

210. Do you recollect that the land where the Victoria Docks stand now was of very little value?—Yes, but the exemption is discontinued upon that part, because the Victoria Dock has been built there.

211. Suppose the docks were to be extended over your side, what then?—Then the exemption would cease, because it was made into docks.

212. Is it not a fair deduction that land in the vicinity of a great town is always enhanced in value, because there is always a probability of its being required for building?—I quite admit that, but that probably is estimated in the rent, or benefits the owner ultimately.

213. Is it any reason for us that because South Hornsey is exempted we ought to exempt you; we have heard about the man who agreed to work for a penny a day, and then there were some men who came at the half-day and argued in that way, but it was not reckoned sound logic?—I do not see how that applies.

214. Is it any logical reason for us, because Hornsey is exempted that we should exempt you?—Certainly, I think that is the exact reason.

215. Is it not a stronger reason that we should include Hornsey?—That is the converse of the proposition; and it would be equally fair as a matter of logic.

216. Can the Board of Works exempt you without a great deal of difficulty?—Yes, they can do it as easily as possible; there would be no trouble whatever about it when they get the figures.

217. But could they do it without disarranging their usual order of business?—It would not disarrange anybody whatever; nobody would know anything about it except the parishes that were benefited.

218. But the Board would know of the change; can they consistently make that arrangement, do you think?—Very consistently indeed. In fact, I think they cannot consistently continue the present system.

Chairman.

219. I think by what you have told us, your evidence has been to the same effect as the statement in the preamble of the Bill which we are considering that the Metropolitan Board of Works assessed the several parts of the metropolis according to the basis upon which the county rate is made; would it not be more accurate to modify that statement; is it not the case that those assessments are now made under the Metropolitan Valuation Act, the county rate being assessed upon the same basis?—No, the assessment by the Metropolitan Board of Works is upon the county basis.

220. Have you referred to the Metropolitan Valuation Act, the 32nd & 33rd of the Queen?—I know it perfectly well.

221. Are you not aware that for the purpose of ascertaining the total value of each part of the metropolis

Chairman—continued.

metropolis the valuation lists which are made under the Valuation of Property (Metropolis) Act are now conclusive?—They are.

222. And that the county rate is made upon the same basis?—Yes.

223. Therefore the county rate will be made rather upon the basis of the Metropolitan Valuation Act?—But the words in the 5th and 6th sections are that the Metropolitan Board of Works are to assess upon the county basis. I prefer to take the words of the Statute.

224. But the last Statute is the Metropolis Valuation Act?—The preamble might be very fairly said to be that the Metropolitan Board of Works do now assess the various districts of the metropolis upon the values ascertained under the Metropolis Valuation Act. I think that would be an improvement for accuracy sake.

225. You have referred in your evidence to the City amongst other portions of the metropolis; are there in the City any partial exemptions?—I am not aware of anything except the tithe; there is not any land that I know of which is exempted.

226. There is no land unoccupied by houses?—No.

227. Is there in the City any property made rateable, which is not subject to rates, for instance, in the Plumstead parish or district?—I do not think so. I think the general law is the same.

228. Are you aware that under the City of London Sewers Act of 1848, churches, chapels, churchyards, burial-grounds, meeting-houses, prisons, hospitals, public buildings, and all vacant spaces are made rateable, at so much per square yard of ground occupied for building?—I was not aware of that; churches and chapels are not rateable with us.

229. Will you refer to the 187th section of the Act?—That is special for the City of London, there is no doubt.

230. I presume that those values would form a part of the total valuation of the City upon which the Metropolitan Board of Works have assessed the City; will you read to the Committee the 187th section?—"And forasmuch as it is reasonable that all churches, chapels, churchyards, burial-grounds, meeting-houses, prisons, hospitals for sick persons, and public buildings, and all vacant spaces of ground, should be rated in a due proportion to the rates hereby authorised to be made, be it enacted, that it shall be lawful for the alderman or his deputy, and the major part of the common councilmen of each ward, and they are hereby required, at such time as the rates hereinbefore directed to be made by them shall from time to time be made, to rate all parish and other churches, chapels, churchyards, burial-grounds, meeting-houses, prisons, hospitals for sick persons, and public buildings whatsoever, and all vacant spaces of ground situate, lying, and being within the City (other than and except the Cathedral Church of Saint Paul, and the churchyard and ground within the iron rails encompassing the said cathedral church) at such rate as the Commissioners shall order and direct for every square yard of such public buildings and vacant spaces of ground, not exceeding the rate of ninepence per square yard toward the sewer rate, and threepence per square yard towards the consolidated rate, and every such rate so to be from time to time made upon any parish

0.92.

Chairman—continued.

or other church, chapel, churchyard, burial-ground, meeting-house, prison, hospital, or public building as aforesaid, or upon any vacant space of ground, shall be paid by the owner thereof, and in case of a parish church or churchyard, or burial ground, by the overseers of such parish, out of the rates incidental to the relief of the poor." That limits the rate to a certain amount.

231. The section defines the method of the valuation of these particular properties, does it not?—It does.

232. Can you inform the Committee, having read that section, whether the values thus ascertained would be included in the total valuation of the City of London upon which the Metropolitan Board of Works have assessed the City?—I should doubt very much whether chapels and churches are included in the Valuation Act of 1869.

233. You have no knowledge upon the subject?—I have no knowledge of the subject; the clerk to the Commissioners, Mr. Blake will probably be called, and I will direct his attention to it before he is examined.

234. You have in your evidence, if I have followed it correctly, treated the sewer rate or consolidated rate with regard to the land not built upon, of which you have been speaking, as a rate falling upon the occupier?—It would where the party had taken a lease, but otherwise it would be chargeable to the owner.

235. The sewers rate is a landlord's rate, is it not?—Yes.

236. It would not fall upon the occupier if there were a lease, unless it were part of the contract that it should so fall?—Clearly not.

237. You have referred to the general rates of your district?—Yes.

238. Those rates are levied upon all property?—Except where there is a local board, and in those cases there are exemptions even in a general rate.

239. But I am speaking, generally, of the metropolis?—There are local boards in the metropolis.

240. Every vestry when it levies its general rate, allows no exemption upon the value of the lands unoccupied by houses?—No; no exemption.

241. For what purposes is the general rate expended?—Upon the lighting and repairing of streets, and the salaries of the officers.

242. The general rate is expended for purposes which are at least as little beneficial to the land as the consolidated expenses of the Metropolitan Board?—I think they are very much more beneficial to the land, because they are local, and the improvements made by the Metropolitan Board of Works are miles and miles away; the lighting of a road leading to a market garden is, I think, of some service.

243. Because of the money being expended in the immediate vicinity?—Clearly.

244. But so far as the Metropolitan Board of Works expenditure is in the vicinity of that land it would be, according to your view, equally beneficial?—I cannot find that the Metropolitan Board of Works spend any money in the vicinity of this land.

245. But you would not ground your case upon the exact amount of benefit which the land may have derived from the Metropolitan Sewage Scheme, would you?—No; if the law is altered

B 2

Mr. Hughes.

27 April
1875.

Mr. Hughes.

27 April
1875.

Chairman—continued.

so that the rate can be levied in full, one part of our grievance is done away with.

246. But I have been turning your attention to the fact that the general rate levied by a district or by a vestry is applied for purposes which would appear to be quite as little beneficial to lands, as distinguished from houses, as the metropolitan consolidated rate; your answer to that question is that at any rate the money spent under the general rate is spent nearer to the land which pays it?—It is spent locally.

247. What is the policy of the Metropolitan Local Management Act; is it not that all parts of the metropolis shall be held to be equally benefited by the expenditure?—Yes, any part of the metropolis is to be considered to be equally benefited.

248. Am I not correct in reading the 12th section of the Amendment Act, as meaning that for the purposes of assessment under this Act, all parts of the metropolis shall be deemed to be equally benefited by the expenditure under it?—It says so.

249. Your proposal then is, practically speaking, to repeal that provision?—No, on the contrary, that section, or the one following, specially preserves the exemptions. Although it says all parts of the metropolis shall be deemed to be equally benefited, it preserves the 163rd and 164th sections.

250. I am aware that those exemptions at present exist, but my question to you is addressed to your argument, that these exemptions do not obtain under the general rate; I drew your attention to the general rates of district boards, and your answer to it was, that the lands benefited in that case, and that they did not benefit in the case of the expenditure of the Metropolitan Board of Works; now, I say, according to the Metropolitan Local Management Act, the 21 & 22 Vict., they were all to be deemed as being equally benefited?—That is by the 12th section; that must be read with the 15th section. The 12th section is, that for the purpose of assessment, all parts are to be held to be equally benefited, and the 15th section says, that the provisions of the 163rd and 164th sections shall be applicable to every district under this Act.

251. Therefore the policy of the Act of the 21 & 22 Vict. is this, is it not; that each part, that is to say each district, of the metropolis shall not be considered to have a claim upon the metropolis at large, in respect of those exemptions, but that it shall allow those exemptions to the occupier of the land in question?—The benefit means the benefit of the works of the Metropolitan Board of Works; that each part of the metropolis is to be considered equally benefited by the expenditure of the Metropolitan Board of Works, but the Act says that the exemptions are still to continue, and, inasmuch as it says the exemptions are to remain, I say they should be made by the Metropolitan Board of Works.

252. Taking these sections, the 12th and 15th together, I take the policy of the Legislature to have been this, that as far as any particular district of the metropolis is concerned, each district shall be held to be benefited equally by the expenditure of the Metropolitan Board of Works, but that as between the district and occupier within that district, those exceptions shall obtain;

Chairman—continued.

that is the policy of the Act of 1858, is it not?—Yes.

253. You propose to alter that, do you not?—No, I propose that we should all pay alike. I propose that we should not pay 7 *d.* while other parishes pay 6 *d.*

254. That is altering the policy of the Act, is it not?—No, I contend that it is carrying out the policy, because if the policy of the Act is that all parts shall be deemed to be benefited alike, that necessarily involves that none of the parts shall be more injured than others.

255. But the parts to which the 12th section refers are the parishes or the districts?—It includes everything; I consider all parts equally benefited.

256. That is to say, the parts upon which the Metropolitan Board makes assessments?—Yes.

257. My honourable friend to the left is perfectly entitled to object to the policy of the Act; but is not the policy of the existing law this, that each distinct part, that is to say, each part of the metropolitan area, should be held to be equally benefited, and do you not propose to say that it shall not be so?—I may grant that we are equally benefited, because the Statute says so, and I am willing to pay equally; but what I say is that we pay unequally; supposing the benefit is equal the rate ought to be equal.

258. Now, to go to another point, are canals and railways assessed to the full?—They are assessed to the full in Plumstead, but in Woolwich they have an allowance, that is under the Local Government Act.

259. Therefore when you come and make a comparison between exemptions in the metropolis and exemptions in urban sanitary districts; you are aware that the exceptions are not identical?—They are not identical, because the Local Government Act exempts railways, while the general law would not probably exempt railways.

260. I only wished to ascertain from you to have it in evidence before the Committee that the law of exemptions differs in urban sanitary districts under the Public Health Act from that in the metropolis?—There is a difference between them; the state of the exemptions differs; the exemptions differ even in the metropolis itself; but I only ask for an allowance to the extent of the exemptions.

261. Do you know the amount of the debt of the Metropolitan Board of Works?—It is on record; it is something very large.

262. And the whole of that amount of debt, I assume, has been incurred upon the basis of the existing law which does not allow this exemption to the districts, though the districts may allow it to the occupiers of the land?—Yes, there is no doubt that that money has been raised upon the security of the power of the Metropolitan Board of Works to levy certain precepts.

263. Founded upon those terms as between the various districts of the metropolis?—Upon the Acts generally, which, of course, include those terms.

Mr. Boord.

264. With regard to that Wallscot rate, that is levied by the Commissioners of Dagenham Level, is it not?—For Woolwich it is levied by the Commissioners of Dagenham Level, but it is levied by the Commissioners of Dartford Level in Plumstead.

265. And

Mr. Boord—continued.

265. And with regard to Hornsey, your contention is that the consolidated rate of the Metropolitan Board of Works is in all cases to be dealt with in assessment and levying as a sewer rate?—No doubt; the Act says it is to be levied as a sewer rate; I do not say the statute is right, but there it is.

266. With regard to the value of land near London a question was asked by Sir Andrew Lusk; it is quite true that the land near London has an increased value, but the land in that particular portion of the metropolis which you represent here is not available for the purposes mentioned by Sir Andrew Lusk: that is to say, it is not available for growing crops or good pasturage, or for docks or for buildings?—The real answer to the whole of that question about the increased value of land is this: suppose for argument sake you admitted that land in the metropolis was worth twice as much as land anywhere else, say instead of being worth 3 *l.* an acre it was worth 6 *l.* an acre, still your complaint would remain, because although it was rated at 6 *l.* an acre we could only recover one-fourth of the Metropolitan Board of Works precept from it, whatever it was assessed at; if it was assessed at ever so much we could not recover it; it would not affect our complaint.

Sir James Hogg.

267. Will you take it from me that the rateable value of the Plumstead district since 1857 has more than doubled?—That is 20 years; it is quite likely that it has.

268. The rateable value in 1857 was 28,430 *l.*, and at the end of 1875 it was 69,428 *l.*?—I am quite prepared to admit that it has doubled in the last 20 years. I am justified in what I said as to last year, seeing that the increase was only 200 *l.* odd last year. The first increase of Plumstead was mainly attributable to the Government works there; and shortly after and during the Russian war of course the number of houses increased very much; the price of land went up, and many buildings were erected; but whatever land was covered by those buildings now contributes as houses; that does not appear to me to affect the question at all; the marsh land is still marsh land as it ever was, and is still used for grazing. I am not prepared to adopt the figures, although I do not doubt them for a moment.

Mr. Boord.

269. That increase must of course be taken in comparison with the increase in other parts of the metropolis; for instance, if Plumstead has doubled in 20 years it is quite possible that other parts of the metropolis may have increased in the same ratio?—It is perfectly well known that other parishes in London have doubled.

Mr. Goldney.

270. What was the relative proportion of the rateable value of the land in 1857 to that under the rate now?—I could not tell you exactly, but the quality of the land has not altered very greatly; one of the reasons for the increased value of the parish is (and it is a very important one which has just struck me), not an increase in the buildings only, but an increase in the mode of assessment, because prior to the Valuation Act of 1869, 25 per cent. was taken off the gross in order to arrive at the net, so that a 100 *l.* house would 0.92.

Mr. Goldney—continued.

be assessed net at 75 *l.*, but when the Metropolis Valuation Act came into operation there was only a sixth allowed off the gross; so that a house instead of being rated at 75 *l.* was rated at about 84 *l.*, and that would have a considerable effect upon a portion of the Plumstead district, especially Blackheath and Lee; that would raise the rateable value of the houses without reference to an increase in their number.

271. That is with regard to the net rateable value, but the gross rateable value was the same in both cases?—Yes, but what has been brought against me is the increase in the rateable value, and I say that the large increase of the rateable value is in consequence of a less sum being allowed off the gross rating.

Sir James Hogg.

272. You said that the increase was owing to Government works. In 1856 the rateable value of the metropolis was 11,283,663 *l.*, and in 1875 it was 21,058,027 *l.*?—That is very nearly double.

273. So that that shows that Plumstead has been more on the increase, because it has more than doubled; therefore your building land has increased in the same ratio, or more than that in the metropolis?—I do not dispute that.

Mr. Boord.

274. Is it not the fact, that whereas within the metropolitan area the amount of land unbuilt upon has greatly decreased, in Plumstead the amount built upon remains about the same?—The total annual value of the whole parish is only 69,000 *l.*

Mr. Goldney.

275. What I want to understand is this: in 1857, which is the period to which you have been directing your attention, what proportion in round figures did the land bear to other rateable property?—Supposing that the total was 27,000 *l.*, the land, I suppose, would be 6,000 *l.* out of that.

276. Is the land rated at more than 6,000 *l.* now?—No, at less, because there is less of it.

277. Assuming the Chairman of the Metropolitan Board of Works figures to be correct, in 1857 the land bore a proportion of about a fourth?—Yes, probably about a fourth.

278. And assuming now that it is 60,000 *l.* odd, it would be about one-twelfth?—That is so, and that will continue to be so.

279. Until either the land diminishes or the rateable value of the houses increases?—Until the land is entirely absorbed, but I do not think that will be for many years.

280. Now supposing the land was not absorbed, but the value of the land for Government purposes was doubled, it would be one-twenty-fourth instead of one-twelfth?—Yes, but the difficulty would remain that whatever the value of the land was, we could only collect three half-pence, but would have to pay sixpence in the pound.

281. Supposing the land was rated in full, one-sixth would make 1 *d.* difference, but supposing it was a twenty-fourth, that would be about $\frac{1}{4}$ *d.*?—In fact, in either event it would be a loss; but that loss would be spread over the larger value of the houses; the rate would not be so high to make up the deficiency, but the amount would still be a loss.

282. The loss would be lessened as the land decreased, and the other property increased?—

B 3

Mr. Hughes.

27 April
1875.

Mr. Hughes.

27 April
1875.

Mr. Goldney—continued.

It is a loss at present because we cannot collect it; that is one of the points, we say that the tithe is a loss; we are charged for the tithe, and we cannot get anything. If the Metropolitan Board of Works charged us for churches and chapels and we could not get it, it would still be a loss.

283. You count it a loss in the case of the county rate where a house is unoccupied?—I do not call it a loss; but it is a loss to the parish, undoubtedly.

Mr. Goldney—continued.

284. Who is the other a loss to?—It is a loss to the parish.

285. Then they are both equal?—But the one is capable of being ascertained, and the other is not; it is constantly varying; for instance, a house may be unoccupied for five or six weeks out of a quarter; you cannot calculate that.

286. Suppose a house was unoccupied for a whole year, the parish would still pay?—Yes.

287. That would be a loss to the whole parish?—Certainly, it would be a loss.

Mr. JOHN COOK, called in; and Examined.

Mr. Boord.

Mr. Cook.

288. You are a farmer, I believe, in the parish of Plumstead?—I am a grazier in Plumstead.

289. How many acres do you occupy?—Something over 400 in Plumstead, and some in the adjoining parish of Erith.

290. The main drain of the Metropolitan Board of Works passes through your lands, I believe?—Yes, it does.

291. There are no branches; in fact, you derive no benefit from the system of drainage?—None whatever; on the contrary, we are very much injured by it.

292. What is the general character of your land?—Mine is all grazing land.

293. Is your land below the level of the river?—Yes; all the marsh land is below the level of the river.

294. And unsuitable, I suppose, for building purposes?—Quite so.

295. Is the land good for pasture land?—It is very good for pasture land.

296. And have you sheep upon that, or what?—Sheep and beasts.

297. Where is your market for them?—We have to send them now to different country markets, such as Deptford and Farningham, and we have a small market at Bexley Heath.

298. Do you not send them to London?—It is such a long distance to get them through the City up to Islington, and such trouble to get them there that we generally refrain from sending them there.

299. You pay the rate called Wallscot, do you not?—Yes; it is a very large rate indeed.

300. How often is that call levied?—Once a year.

301. What is the extent of it?—It depends upon the level; on one level it would be 10 s. or 15 s. an acre, and upon another it would be 5 s. an acre; it depends upon the different levels.

302. What level is yours?—I am under the Dartford Commissioners of Sewers.

303. It is not levied upon any value, but upon the acreage?—Yes; that rate of course, is for cleansing the common sewers and ditches, and for keeping up the banks, and so on. We, as occupiers, have all the expense and trouble of taking away all the earth which is thrown up out of our ditches; they are cleaned out every year, so that that is a very great expense to the occupier.

304. That is an increase upon their rates?—It is.

305. Has the rate ever reached 17 s. 6 d. per acre?—Yes, I have paid 17 s. 6 d. an acre.

306. And you pay one-fourth of the con-

Mr. Boord—continued.

solidated rate of the Metropolitan Board of Works?—We also pay one-fourth of the consolidated rate.

307. There is no such charge, I believe, as that upon your land, in the adjoining parish of Erith?—No, not at all; the rates in the adjoining parish of Erith are not one-half of what they are in Plumstead.

308. Has the land which you occupy increased in value during the last 20 years?—Certainly not.

309. Not at all?—Not at all.

310. What is the value of the land now?—I am paying 3 l. per acre.

311. That would give it a value to purchase of about 100 l.?—About 100 l. or more; it might be more.

312. Of course no part of is building land at present; is it likely to become so?—I do not think so at all.

Sir James Hogg.

313. I suppose when you pay 17 s. 6 d. for drainage, you get the benefit of it, and you take that into consideration when you rent the land?—We cannot take into consideration the Wallscot, because we never know what it is until it is made in the year; it may be more or it may be less.

314. You can take the average, cannot you?—We can do so certainly, but I do not think that that would have anything to do with it; because some time ago you will recollect that there was a very large breach made in the bank by the powder magazines blowing up, and then the Commission made an extra scot of 8 s. 6 d. upon every acre.

315. When a farmer is going to take land there, and he is asked a certain rent for it, does not he take into consideration the various charges which will be placed upon him?—Decidedly so.

316. If that is the case, would you take into consideration the charges which would be laid on you by this Wallscot rate?—Yes, decidedly.

317. And it is done for the benefit of your land in keeping up the banks?—It is done for my benefit and for the benefit of the parish at large, because if we did not keep the ditches cleaned out, it would be an annoyance to the parish at large.

318. Do not you send any of your sheep to London?—I have sent some sheep occasionally, but I have not sent any cattle for some years; formerly cattle did go to London from the marshes; in those days the marshes let for 6 l. an acre, as being valuable grazing land and being near the metropolis, and these, by having an advantage

Sir James Hogg—continued.

vantage over a man who held land fifty or a hundred miles from London; a man occupying land in Plumstead could get his beasts into London when the other could not, whereas now the man a hundred miles from London is placed upon a better footing than I am, because he has a rail to London which I have not.

319. You say that the land has decreased in value?—The land has decreased in value; the

Sir James Hogg—continued.

land used to let formerly, before my time, at 6 l. per acre, and now it lets at 3 l.

320. How long have you had the land?—I have been owner of some land for 30 years.

321. How long have you been paying 3 l. per acre; have you been paying 3 l. per acre all that time?—I have paid 3 l. per acre for the land for the last 26 years; there is no land in our parish, I believe I may say, which is let at over 3 l. per acre.

Mr. Cook.

27 April
1875.

Mr. EDWIN HUGHES, called in; and re-examined.

Chairman.

322. I BELIEVE you wish to amend or withdraw a portion of your evidence?—Yes, I stated that the City of London up to 1870 did not pay to the consolidated rate upon 16,000 l. of tithe. I now

Chairman—continued.

desire to withdraw that statement, having reason to doubt whether it is in accordance with the facts as to date.

Mr. Hughes.

Mr. ANDREW CORY REED, called in; and Examined.

Mr. Boord.

323. You are Clerk to the Woolwich Local Board of Health, I believe?—I am.

324. Have you heard all the evidence which has been given by Mr. Hughes?—Not all of it; I have the principal portion of it.

325. The latter portion?—Yes.

326. Some parts of the parish of Woolwich is upon the north side of the Thames, is it not?—Yes.

327. And it has no sewer, nor does it benefit in any way from the metropolitan system of drainage, does it?—No, not upon the north side of the river. The annual value of it has not increased.

328. I believe the houses upon the north side of the river are even drained into the Thames?—Yes.

329. Within the metropolitan area, too?—Yes, within the metropolitan area.

330. Has the land in the parish of Woolwich increased in value?—We have very little land in the parish of Woolwich, excepting upon the north side; what we have is marsh land upon the north side of the river. The annual value of it has not increased.

331. It is liable to Wallscot, too, is it not?—Yes.

332. The parish of Woolwich is governed by a local board of health under the provisions of the Public Health Act, 1848, is it not?—It is.

333. And the marsh land in your parish is exempt in respect of three-fourths of its rateable value; you pay only on one-fourth?—We can levy upon one-fourth only.

334. But the Metropolitan Board of Works makes no allowance for that exemption?—No; they levy upon the full rateable value, as shown by the valuation for the poor rate.

Mr. Boord—continued.

335. Besides that you have a railway in the parish, have you not?—Yes.

336. And that is exempt in respect of three-fourths of its assessed value?—Yes, so far as the line of railway is concerned under the Local Government Act of 1858.

337. And for that also the Metropolitan Board of Works makes no allowance?—It makes no allowance; I should add, that we are within the metropolis.

Mr. Ashley.

338. Under what provision in the Local Government Act of 1858, do you say the line is exempt?—Under section 55 of the Local Government Act of 1858; it is the clause repealing certain sections of the Public Health Act, and it recites in the latter portion of it, "The owner of any tithes or of any tithe commutation rentcharge, or the occupier of any land used as arable, meadow, or pasture ground only, or as woodlands, market gardens, or nursery grounds, and the occupier of any land covered with water, or used only as a canal or towing path for the same, or as a railway constructed under the powers of any Act of Parliament for public conveyance, shall be assessed in respect of the same in the proportion of one-fourth part only of such net annual value thereof."

339. Is that an unusual provision with regard to a railway?—It is the law throughout the country with respect to railways, I think, except in the metropolis; I do not think it applies to the metropolis generally, but we come under a special section of the Metropolis Local Management Act, having adopted the Public Health Act before the Metropolis Local Management Act was passed.

Mr. Reed.

Thursday, 29th April 1875.

MEMBERS PRESENT:

Mr. Heygate.
Sir Sydney Waterlow.
Sir Charles Legard.
Sir James Lawrence.
Sir Charles Mills.
Mr. Samuda.
Sir James Hogg.

Mr. Stansfeld.
Mr. Boord.
Sir Andrew Lusk.
Mr. Coope.
Mr. Ashley.
Mr. Spencer Stanhope.

THE RIGHT HONOURABLE JAMES STANSFELD, IN THE CHAIR.

Mr. ARTHUR GUNN, called in; and Examined.

Sir James Hogg.

Chairman—continued.

Mr. Gunn.
29 April
1875.

340. You are Accountant to the Metropolitan Board?—Yes.

341. How long have you occupied the position of Accountant to the Metropolitan Board of Works, and what are your general duties?—Since the beginning of 1869. The duties are generally in connection with the finances of the Board, and supervision of its accounts.

342. Are you not perfectly familiar with the practice of the Board as to issuing precepts for the sums due from vestries and district boards?—Yes, I believe so.

343. What is the basis upon which the amount of the Board's precepts are ascertained, and what amount does a rate of a penny in the pound yield?—The Metropolitan Board takes as its basis the assessment list, prepared under the Valuation of the Metropolis Act of 1869, and the apportionment is made upon each parish throughout the metropolis. The Main Drainage Act of 1858, enacted, and subsequent Acts also with regard to general expenses, that every part of the metropolis should be deemed to be equally benefited by the expenses incurred by the Board.

344. And what amount does a rate of a penny in the pound yield?—A penny in the pound produces 87,000 *l.*

Chairman.

345. In issuing the precepts of the Metropolitan Board of Works, do you take those valuation lists as your sole basis; do you take them simply as the basis of the value of each part they contain, or do you assume that they contain the whole property which ought to come within the effect of your precept?—We take the value of the parish as returned to us, in common with other bodies, by the clerk who makes up the lists.

346. You do not travel out of the valuation lists?—Not in that respect; but this course we are obliged to adopt. That valuation list appears to have been prepared upon the basis of the Poor Law Unions, and ours, of course, is the area of the Metropolitan Board, and therefore certain parishes are brought into that list which the Board has no power of rating. For instance, in

the City there are parts which, for the purpose of our Board's rating, are free, and I would refer to Ely-place where there are certain prescribed rights, so that the total of that list is not exactly the total of the rateable value; but as regards individual parishes, we take the return of the parish as being the rateable value of that parish.

Sir James Hogg.

347. Is the main drainage rate deemed to benefit all parts of the metropolis alike?—It was so by the Act of 1858, and that has been extended since to the general expenses of the Board.

348. By what Act?—By the 25 & 26 *Vic.* c. 102, s. 5; the principle was extended to the general assessment of the Board.

349. Did the Board issue more than one precept before the passing of the Metropolitan Board of Works Loans Act of 1869, and has that practice been since altered?—Before 1869 the Board issued three precepts, one for main drainage, one for the fire brigade, and the other for general expenses; and on the passing of the Act of 1869, the Board issued only one precept for the consolidated rate. But we were obliged to state in that precept, the sums levied for main drainage, fire brigade, and general expenses separately; indeed, the three sums that would have been levied under three precepts before the passing of the Act of 1869.

350. What is the nature and amount of the rate for the expenses of the fire brigade?—The fire brigade rate is for fire brigade purposes.

351. And what is the amount?—A halfpenny in the pound.

352. I think you partially answered the question before, but I will put it again; what is the metropolitan consolidated rate, and in the precepts of the Board are the portions of the rate for main drainage, fire brigade, and general charges distinguished?—Yes, they are.

353. What is the amount of the Board's precepts for 1875, and can you give the particulars of which it is composed?—The total precept was 458,482 *l.*, of which 237,000 *l.* was for sewerage or

Sir James Hogg—continued.

main drainage, or 2½ *d.* in the pound; 43,000 *l.* as for fire brigade, or halfpenny in the pound; and the remainder 177,000 *l.* was for general purposes, being 2 *d.* in the pound.

354. Was the sewer rate a landlord's rate, and its incidence, as between landlord and tenant, reserved by the Loans Act of 1869, which created the consolidated rate?—The sewers rate as a landlord's rate, and the fire brigade rate an occupier's or tenant's rate; the incidence was reserved by the Act of 1869.

355. Is the same amount of rate levied in respect of the Board's precepts on land and on houses?—No, the land is exempt from three-fourths of the sewers rate. I believe I may say the same state of things existed as regards Plumstead when the Act was settled as exists now, though the grievance complained of has, of course, very much diminished. For instance, taking the main drainage rate of three pence in the pound, only three farthings in the pound could be collected from land; but the passing of the Loans Act of 1869 has diminished the rate to twopence in the pound; therefore the deficiency from land is, of course, less, and the assessment for general expenses, by the passing of the Loans Act, is also very much diminished. Whereas for six years before 1869, the total rate of the Board, including everything, was sixpence in the pound, the average total rate of six years since 1869 is less than fourpence in the pound.

Mr. Samuda.

356. You have given us 5½ *d.*?—That is at present, but the average of six years since 1869 is less than fourpence.

Sir James Hogg.

357. In your opinion will not the anomaly pointed out in the Bill before the Committee diminish as the outlying districts of the metropolis are covered with buildings?—It has already very much diminished, and is, of course, diminishing. In Plumstead it appears to have diminished considerably. I can put in a return of the increase of the rateable value of the parish of Plumstead since 1865. In 1857 the value was 28,000 *l.*, and in 1875, 69,000 *l.* The rateable value of the metropolis as a whole has increased not quite to the same extent.

358. What was the rateable value of the metropolis?—The rateable value of the metropolis was eleven millions in 1856, and it is over twenty millions in 1875.

359. The rateable value of Plumstead has increased in a greater ratio than the rateable value of the metropolis as a whole?—Yes.

360. And you can put in the figures establishing that fact?—Yes, I will do so. Rateable Annual Values of the parish of Plumstead since the year 1855: 1857 to 1862 inclusive, 28,430 *l.*; 1863–4–5, 43,700 *l.*; 1866, 51,250 *l.*; 1867, 54,290 *l.*; 1868–9, 57,350 *l.*; 1870, 61,000 *l.*; 1871, 58,000 *l.*; 1872, 66,362 *l.*; 1873, 68,832 *l.*; 1874, 69,132 *l.*; 1875, 69,428 *l.*

361. Have you considered the alteration proposed to be made in the law by the Bill before the Committee, and what practical difficulty would there be in such alteration?—It appears to me very difficult to fix on a remedy which will not be inconvenient in other respects.

362. That is hardly an answer to my question, and I will put it to you again. Have you con-

0.92.

Sir James Hogg—continued.

sidered the alteration proposed to be made in the law by the Bill before the Committee, and what practical difficulty would there be in such alteration?—The Bill, as I understand it, is to repeal the exemption.

363. No, that is not so. The Bill is, that "The Metropolitan Board of Works in every assessment made by them upon such parts of the metropolis as contain property wholly or partially exempt from sewer's rate, and in the precepts issued for obtaining payment of the sums so assessed, shall make an allowance or abatement equal to the reduction or exemption which, under the 163rd and 164th sections of the Metropolis Local Management Act of 1855, is required to be made in levying any rate for the purpose of meeting such precepts"?—My object in not answering directly that question was this, that Mr. Hughes, who has given the chief evidence on the other side, appears not to have restricted himself to an advocacy of that suggestion.

364. Have you considered the alteration?—There would be no difficulty practically as regards the arithmetic of the thing for us; but it seems to me that it would be just cutting at the foundation of the Acts upon which we have been working now for the last 20 years, which is, that every parish or district shall contribute according to its rateable value as furnished to us upon an authoritative list.

365. In fact, making this alteration would be creating a fresh anomaly, would it not?—It appears to me it would be so.

366. Would there be any practical difficulty in altering the law, so as to make the rate fall equally upon land and houses?—If the land were to be rated at the full to the Board's rate, and not to the rate for local sewerage, that would be the introduction of a new anomaly; whereas if the land were to be rated to the full to the local sewerage, the probability is that the landowners in the parish might have some sort of objection to it.

367. Can you explain the legislation that has taken place at Hornsey?—The Board has admitted two districts of Hornsey to the metropolitan main drainage system; and, as was explained to the Committee upon the last sitting, there was some difference in the basis that was taken for the rating there, as compared with Plumstead. The Act states that the value of property as assessed to the general district rate shall be taken, but I find upon inquiry that that is the same basis as the poor rate basis in the Hornsey district, and that land is subject to exemption there; so that there would be practically the same deficiency to be provided for by houses in the Hornsey district as now has to be provided for in the Plumstead district. But since the passing of the Hornsey Act in 1871, another district has been admitted, namely, the parish of Beckenham, called "The Beckenham Sewerage Area," and that Act prescribes that we shall take the poor rate valuation; and there again, of course, the same deficiency would have to be made good.

368. Do you think that this Hornsey and Beckenham legislation forms any precedent for dealing with the subject matter of this Bill?—It hardly seems to me so, because they pay only for main drainage charges, and do not contribute in any way to the expenses of the general improvement of the metropolis.

369. In

Mr. Gunn.

29 April
1875.

Mr. Gunn.

Sir James Hogg—continued.

29 April
1875.

369. In fact they are practically without the metropolis, excepting as regards the main drainage rate?—Yes. A question was raised as to the arable land contained in South Hornsey, and I find upon inquiry it is a mere trifle. The total value of arable land in South Hornsey is about 124 *l.*, out of a total rating of 50,000 *l.*

Sir James Lawrence.

370. Does that include the pasture as well as arable?—Do you mean private pastures?

371. No?—It would include arable, pasture, and orchard land.

Mr. Samuda.

372. Did we understand you to explain that in Hornsey the Metropolitan Board does not call upon the district to make up the deficiency that is due to the land whilst it does so in Plumstead?—No; the practice is the same in both cases.

373. I thought you said just now that the difference was in consequence of Hornsey only having been admitted in reference to the sewers' rates?—No.

374. What was the object of making that observation if the practice was precisely the same?—Mr. Hughes the other day stated that Hornsey had been admitted upon the general basis, because the general district valuation was taken, and not the valuation as taken by the Valuation Board, and I wish to explain to the Committee to-day, although that may be technically so, yet still the basis is precisely the same.

375. That is what I want to get at?—I only mentioned the matter to-day so that the Committee might be clear that practically there is no difference between the mode of rating Hornsey and the mode of rating Plumstead.

376. You do call upon the Hornsey district to make up for the deficiency that they are not able to take from the land?—Yes.

Sir James Hogg.

377. That is by the Act of last year, and two or three years ago?—Yes.

378. Is Hornsey represented specially at the Metropolitan Board?—No.

379. Is Beckenham in any way represented at the Metropolitan Board?—No.

380. In fact these Acts of Parliament make no difference as to representation?—None whatever.

381. Can you give any explanation of the manner in which the Metropolitan tithe is rated or exempt?—Tithe, I find, is differently treated in the different parishes and districts of the metropolis; in fact, so differently treated, that hardly anything can be said about it. I have a return here which shows how it is treated in every parish and district. In Paddington, for instance, no deduction is made. In St. George the Martyr, Southwark, the assessment is exempted from the metropolitan consolidated rate, and all others except poor-rate.

Mr. Samuda.

382. How is the City, with regard to the tithe?—All tithes are exempt from the taxing in the City except the property-tax. By the Metropolitan Management Act the tithes were to be treated, after the passing of the Act, as they had been treated by the Commissioners of Sewers in each district before the passing of the Act.

Mr. Samuda—continued.

383. Are the tithes included in the valuation list?—Yes.

Sir James Hogg.

384. Can you put in a return showing the amount levied in respect of land in the metropolis?—Yes, I have a return here. The total annual value of arable land in the metropolis is 88,857 *l.*, and tithes 29,194 *l.*

385. And in Plumstead?—In the parish of Plumstead the total value of arable land is 5,048 *l.*, and tithes 691 *l.*

Mr. Heygate.

386. Can you supply the acreage?—No.

Sir James Hogg.

387. Can you state what addition to the rate would be needed in Plumstead and Woolwich to cover the so-called deficiency on land?—The total rateable value of Plumstead is 69,000 *l.* odd. The land, 5,048 *l.*, is exempted from three-fourths of the sewers' rate, and that would be equivalent to something less than a farthing in the pound, to be made good by other property. That is less than six per cent. on the total rate, and I take a 4 *d.* rate, and this is only such a difference as in some parishes has to be made on empty houses. Again, I may allude to another deficiency in parishes which can never be ascertained with any clearness, namely, that arising through the compounding of poor property. In one parish in the metropolis there may be very little poor property upon which compounding is taken, and in another parish there may be a great deal.

Mr. Samuda.

388. Where the compounding takes place, would not that be found in the valuation list at the compound amount?—I am told not.

Sir James Hogg.

389. What is the difference of rateable value in Woolwich?—In Woolwich, where the rateable value is 93,000 *l.*, and where 965 *l.* represents land, the deficiency to be made good by other property would amount on a 4 *d.* rate to one-eighth of a farthing.

Mr. Samuda.

390. Woolwich one-eighth of a farthing, and Plumstead nearly a farthing?—Yes.

Sir James Hogg.

391. How many parishes are there in the metropolis with arable land?—Thirty-three.

392. Some of them have a very small quantity, I believe?—Yes. There are some 15 in number that contain less than an hundredth part of their total rateable value in arable land.

Mr. Samuda.

393. Perhaps you will give us the total amount that the deficiency due to receiving only one-fourth on the land would require the remaining portion to be rated at throughout the entire metropolis?—Yes, I will work it out.

Sir James Hogg.

394. Is it not about 1,200 *l.*?—On a 4 *d.* rate.

395. Yes; if you think it is your average rate?—Since 1869 it has been 4 *d.*, and I will take it so, and that will work out 1,110 *l.*

396. To be spread over the metropolis?—Yes.

397. At

Sir James Hogg—continued.

397. At an average rate of 4 *d.* the loss from land would equal 1,110 *l.*?—Yes.

398. Over the whole metropolis?—Yes.

Mr. Samuda.

399. What would be the total 4 *d.* rate on the metropolis?—£. 348,000.

Sir James Hogg.

400. Have you any other information which you would like to afford the Committee, or which you think would be useful?—No, I think not.

Mr. Samuda.

401. When you send in your precept to a parish, demanding a 4 *d.* rate upon the whole value from the list, if they do not pay you that amount, what course do you take to obtain that amount, or do you take any course?—Certainly; the rate would be in default, and the Board has full power to levy and collect the rate itself.

402. I mean, supposing Plumstead returned you the actual rate upon their actual power of raising the rate, which would be the entire 4 *d.* upon the whole of the houses and only a 1 *d.* upon the land: you would be deficient 300 *l.*; what course would you take to get that 300 *l.*?—The Board would not accept any amount except the identical sum named in the precept.

403. Has it ever occurred that, under those circumstances, the Board and the district board have been brought into collision; and if so, what tribunals have they applied to, and what has been the result?—Within my knowledge no such occasion has occurred since 1869.

404. There never has been a difficulty in obtaining the full rate from the district board?—No.

405. They never, by that I gather, denied their right to pay it?—I take it not. I speak from 1869.

Sir James Hogg.

406. Originally, you will remember, one parish refused to collect the rate, and then the Metropolitan Board, in the exercise of their powers, sent their collector, and made the rate themselves?—There are many such instances, but that is not the question.

Mr. Samuda.

407. No; that is not the question. The question is: if they refuse to collect the excess of the rate upon the houses?—Quite so. A direction is given by the Board to their treasurer to receive the amount mentioned in their precept, and only that amount. Indeed not to receive any amount short of that sum.

408. Do not the Board sometimes pay you first on account, and make it up afterwards?—No. The Metropolitan Board says that a moiety shall be due on the 1st of June, and a moiety on the 1st of December; and the exact sum constituting that moiety is considered then due; and if not actually paid, a rate will be levied in default.

Sir James Lawrence.

409. Was there not some case in reference to St. George's, Hanover-square, where some one neglected to collect their rates?—For several years St. George's, Hanover-square, did not collect their rates, and the Metropolitan Board levied a rate, and collected it.

410. Levied what rate?—It was then the old 0.92.

Sir James Lawrence—continued.

rates of the Board; the main drainage and general purposes rate.

411. What rate in the pound did the Board seek to collect from St. George's parish, when that parish declined to collect the rates?—That would be a threepenny main drainage rate; and other general purposes rate, which would be about twopence-halfpenny.

412. Did the Board on that occasion, through its officers, make a demand upon any of the rate-payers of St. George's, Hanover-square, for a larger rate than the Board had declared to be the rate for the purposes you have mentioned?—Certainly; because the Board has to pay for charges of collection, and also for deficiency on empty houses; therefore, the rates levied in the district are never exactly the amount of rate that constitutes the Board's precept.

413. Did you try any case before a magistrate as to collecting a larger sum than you had made a rate for?—That is not within my knowledge, but I can ascertain it if the Committee wish it; because there is a gentleman in the room acquainted with such matters.

414. You have said that the matter proposed by this Bill might introduce an anomaly, is it the fact that it would introduce any fresh anomaly?—The new anomaly would be rating land at the full in the district.

415. The new anomaly that you mentioned was three-fourths only being levied upon the land; omitting to make a claim in regard to the three-fourths especially exempted by the statute?—It would be an introduction of a new feature altogether in the working of the Metropolis Management Act, which has gone on since 1855, and under which any grievance such as has been alleged has diminished materially year by year, and is constantly diminishing.

416. To refer to one matter you have mentioned in your evidence, namely, Ely-place, in the City of London; that is exempt by the statute, is it not?—The exact boundary, as given of the City in the metropolis valuation list, is not exactly the boundary that we have under our Act. There is the boundary between the Holborn district and the City; and a portion of Saffron-hill, I am told, is in one district and not in another. These differences we have to adjust in the preparation of the valuation list upon which our rating is actually made.

417. Now I will refer to the question of tithes; Is it not the fact that in some of the larger districts in the City of London and Southwark no rates whatever are levied upon tithes?—Yes, in the City; and I so stated it.

418. And in Southwark?—In Southwark the tithe is exempt from the consolidated rate except in respect of the poor-rate.

419. There are other districts besides, are there not, which are exempt?—Charlton-next-Woolwich; there the tithes are exempt.

420. If Plumstead were exempt in the same way as Charlton-next-Woolwich, and in the same way as Southwark and the City of London, no fresh anomaly would be introduced?—These places are exempt from tithe in their own district; that is to say, they cannot levy on tithes there, but we charge the full rateable value including the tithes of those districts; whereas in the City of London we deduct the tithes, because there is a special Act.

421. Is it not the same in Southwark?—We do

Mr. Gurne.

29 April
1875.

Mr. Gunn.

29 April
1875.

Sir James Lawrence—continued.

do not deduct the tithe in Southwark; it is only in the City.

422. It would not be a fresh anomaly if it were deducted in the case of Plumstead?—It would be a fresh anomaly, because for 20 years the amount has always been paid.

423. We will not quarrel about the term "anomaly"; it would not be introducing a different principle in Plumstead than is now to be found existing in the City of London. Do you know how long the deduction has been made upon the tithes?—By the 27 & 28 Vict. c. 268, 12th July 1864, the tithes were exempted from the rates in the City.

424. That was the introduction of a fresh principle in 1864?—I cannot say that, because we took our lists then from the county rate basis, and also from the basis in the City. How long that deduction had been allowed before I cannot say.

425. I understand you to say there would be no difficulty, practically, in the admission of the principle, and that it would only be a question of arithmetic?—Yes.

426. You referred to land being gradually brought into use for building purposes; I suppose you are aware of the peculiar character of some part of the land at Plumstead; I allude to the marshes; you have no idea that that land is about to be brought into the market for building purposes?—No, certainly not; but the Metropolitan Board has to look at the arable land question as a whole in the metropolis; and, therefore, they do not look upon it as regards the arable land in Plumstead alone.

427. I suppose you cannot tell me in reference to that question about St. George's, Hanover-square, in making your claim upon the ratepayers for the rate, what amount you had added to the rate announced?—There is no recollection of such a case having taken place in a court of justice, as to the right of the Board levying a larger rate than the precept; Mr. Coggin has been in the office since 1855, and has no recollection of any such case arising.

428. I think you have misunderstood my question; could you state to me the amount of the demand you had made upon the ratepayers of St. George's, Hanover-square, when that parish had refused, or neglected to make the collection which they were bound to do; and how much higher would that demand be than the rate announced by the Metropolitan Board of Works?—A farthing or a halfpenny.

429. You do not know it positively; but it was a little higher?—Yes, it must have been higher. Each parish levying a rate to cover a consolidated metropolitan precept must levy a higher amount.

Mr. Heygate.

430. You spoke just now of the Board being obliged to look at the question of arable land as a whole; by "arable land," do you mean arable land or agricultural land?—It is "arable, pasture, meadow, and orchard land."

431. This is chiefly marsh land, is it not?—Yes; I believe so at Plumstead.

Mr. Stanhope.

432. Does this amount of land, for the total of the metropolis, include any of the parks closely?—No; not parks within the metropolis; but for

Mr. Stanhope—continued.

Richmond Park there is an amount included of 250 l., I think it is.

433. Is there any rate upon any other parks; say Hyde Park?—Whatever is paid there the Government would pay by way of contribution, and not by way of rate.

Mr. Ashley.

434. I understood you, in answer to the chairman of the Board of Works just now to say, a new anomaly would be introduced if the exemption upon the land were taken away, as far as the consolidated rate was concerned, because then you would be paying upon the full amount to the local sewerage, and a diminished amount to the consolidated rate?—If the land paid in full, either in the one case or the other, and not in both, there would be a new anomaly. And if the land paid in full to the local sewerage rate, probably there would be a local objection.

Sir Andrew Lush.

435. I am going to ask you one or two questions in reference to the general scope of the Acts you refer to; you say they have been in existence for 20 years, and these you act under at present?—Yes.

436. Your policy has been to levy upon all the districts that come within these Acts?—Yes.

437. You have heard of the School Board?—Yes.

438. There is a certain area that the School Board takes cognizance of under a police authority?—Yes, certainly.

439. You have a district, the same as they have, over which you exercise an authority, and work under these Acts to which you have referred?—Yes.

440. If we were to make the changes here as proposed, should we disarrange your system of working these Acts which you have hitherto been working upon?—There would be no difference, as I said before, except in regard to the arithmetic of the thing.

441. That is not what I am asking you; I ask you whether it would produce any change, supposing we were to do what is proposed by this Bill in the policy laid down by the Board in these Acts of Parliament?—The Board is simply the administrative body.

442. The Acts of Parliament lay down a particular course for you to follow, and you say these Acts of Parliament have existed for 20 years?—Yes.

443. If we adopted the course proposed by the Bill, would it change the policy of the Board in reference to assessments and rates?—Certainly; so far that land would be differently treated from the way in which it has been for the last 20 years.

444. That is the whole question in dispute. You admit it would change the whole policy of the Board hitherto, under the Acts of Parliament?—Not the whole policy. It would only change the policy as it regards assessments.

445. I am speaking of the policy laid down in the Acts of Parliament?—The policy of the Board under these Acts, I take it, is to control and thoroughly keep in order the sewerage system of the metropolis, in addition to the general improvements which they carry out, and to levy such an amount over the whole metropolis as is required to meet that expenditure; and however the

Sir *Andrew Lusk*—continued.

the boundaries of the metropolis might be altered, or however the incidence of taxation might be altered, the general policy of the Board would be hardly affected, as I take it.

446. You will change the incidence of taxation?—Yes, certainly.

447. That is what I asked you, but I did not put it quite so plainly; the policy of the Board has been in a definite course all this time, and the present proposition would alter that?—Yes.

448. You were speaking about inequality, one parish paying 6 *d.*, and another 7 *d.*; you know, do you not, there is inequality in the poor rates; one parish pays 6 *d.*, another 7 *d.*, or half-a-crown, and three shillings; is not that so?—Yes, it is.

449. Is it very remarkable, then, that Plumstead should have to pay a little more than other places in this way in the levying of rates?—There are many inequalities under all rating Acts.

450. I suppose you know that the British Constitution is composed of inequalities and anomalies?—Perhaps I had better not answer that question.

451. Hornsey district and Beckenham district have been recently admitted into the main drainage system?—Yes.

452. What may apply to them need not apply to those who were formerly admitted?—Quite so.

453. And that might be a reason why the policy extended to Plumstead might be extended to them?—The practice is the same now in both cases; the Hornsey Act said we were to take the rateable value on the general district rate, and that, practically, is the poor rate basis.

454. You work under an Act of Parliament in the Hornsey district?—Yes.

455. A separate Act?—There was an amending clause in another Act, which contained other matters.

456. And I suppose the Legislature has the right to enact any clause it likes, and you have to work under it?—Yes.

457. You say that the City of London has been exempted from tithe since 1864?—That is the Act that exempts them.

458. Do you know the reason why it was exempted?—No, I cannot say.

459. Perhaps it ought not to have been exempted?—I really cannot say.

460. Perhaps the less you say about it the better?—I have no knowledge of it.

461. Supposing we remitted the rating in the way it is wished in this Bill, you would have to deal with a great many other parishes as well as Plumstead?—Every parish in which there was arable land would have of course a deduction made, and there are 33 parishes in the metropolis.

462. There is a great amount of arable land in the vicinity of the City over which you exercise control?—Not in the Metropolitan Board area; the total annual value of the whole is less than 90,000 *l.* out of a total rating of 20 millions.

463. You would have to remit on all that land?—Yes.

464. Do you think the land is improved in value very much?—Yes, certainly, except the marsh land; but taking it as a whole, round, London, land has improved in value.

465. I suppose you cannot look at a bit of land and take notice of it particularly?—No; it 0.92.

Sir *Andrew Lusk*—continued.

would be impossible, because the principle of the Local Management Act is, that the whole of the boundary shall be taken as benefiting equally by the works.

466. The policy is, that they are all benefiting equally?—Yes.

467. Perhaps a parish, within the district of the School Board, may have a very few children to send, but still they all pay rates about the same?—Yes.

468. You take it upon the principle that they all benefit alike?—Yes.

Mr. *Boord*.

469. I understand you to give it as part of your evidence, that all parts of the metropolis are to be considered equally benefited; is that so?—Yes.

470. You have the Act of 1858 before you?—Yes; the Main Drainage Act was the first, and that was afterwards extended.

471. It is the 12th section?—Yes, afterwards extended by the 25 & 26 Vict., c. 102.

472. That section states that all parts of the metropolis shall be deemed to be equally benefited by the expenditure under that Act?—Yes.

473. Will you refer to the 32nd and 33rd of Vict., c. 102, 3rd Schedule, for the purpose of seeing whether that does not repeal this 12th section with regard to the equal benefit?—The section upon which the Board now relies is the 5th section of the 25 & 26 Vict., c. 102: "From and after the passing of this Act the 170th section in the first recited Act is hereby repealed, and in lieu thereof be it enacted, that the Metropolitan Board of Works shall from time to time ascertain and assess upon the several parts of the metropolis the several sums which, having regard to the annual rateable value of the property in such parts respectively, ought to be charged thereon for defraying the expenses of the said Board in the execution of the firstly and secondly recited Acts and of this Act, and any such sums may be assessed wholly or in part in respect of expenses incurred or to be incurred, and also in respect of any unpaid balance of any former precept of the said Board."

474. I scarcely think that affects my question. You stated that all parts were to be considered equally benefited, although notoriously they are not equally benefited, and I merely wished to point out that the 12th clause of the Act of 1858 appears to me to be repealed by the 3rd schedule of the Act which I have just placed before you, namely the Loans Act?—That may be so, and it appears to be so, but the policy, if I may so say, of considering all parts of the metropolis equally benefited, would seem to be contained in the 5th clause of the 25th & 26th Vict., c. 102.

475. The 5th section, to which you have called attention, states that the Metropolitan Board of Works shall assess, it says nothing about levying?—If they assess upon a district, that involves the levying of the rate. You will see the 170th section of 18th & 19th Vict., cap. 120, required that the Board should have regard, in works of drainage, to the benefit derived from such expenditure by several parts of the metropolis affected thereby, and the principle introduced by the enactment above in regard to all the parts benefiting equally

Mr. *Gunn*.

29 April
1875.

Mr. Gunn.

29 April
1875.

Mr. Boord—continued.

equally was extended afterwards to the general assessment of the Board henceforward to be made upon the general rateable value of the property only.

476. You said just now if the Metropolitan Board were to assess, the power of levying goes with the power of assessment?—Yes, that is so.

477. Supposing in this parish of Plumstead, of which we have been talking so much, the local board were in default, and refused to collect the rates, how would you proceed; be so good as to detail the process?—An officer of the Board would be authorised to demand a copy of the rate book, a copy would be made out, and we should employ our own collectors to collect it.

478. Would you collect only one-fourth on the land, or the full rate on the land?—I take it we should be, of course, bound to allow the three-fourths on land.

479. It comes to this: when you were forced to collect the rates yourselves, you would be placed in exactly the same position as the local authority?—As far as the collecting goes; but the district would have to pay exactly the same amount relatively as to land and houses as they do now. A. B., the collector, would hold an instrument from Spring Gardens to collect the rate instead of an instrument from the local board.

480. And your collector would take the place of the local authority?—Yes.

481. Do you think it fair that the Metropolitan Board should in one capacity collect one rate, and in another capacity be obliged to collect the rate subject to these exemptions?—There is no difference, and I cannot have made myself clear.

482. What I want to point out to you is this: you call upon these parishes for a full rate, which you know they cannot collect; but if by any accident your Board finds itself in the place of the local authority, then it has to allow the exemptions, that is to say, it has to do what we wish it to do by this Bill?—I have not explained myself properly. I will assume the Board has to raise 2,000 *l.* from a district; whether the district sends up that 2,000 *l.* or the Board collects it, is perfectly immaterial, 2,000 *l.* has to be collected from the district; it is not a 4 *d.* rate that has to be collected, but it is 2,000 *l.*, and if the land is exempted in both cases, the houses have to make up the deficiency in both cases; whoever the collector may be that is appointed, it makes not the least difference in the collection of the rate.

483. You said the total amount of tithes in the metropolitan area were 29,194 *l.* I do not think you stated the amount of exemptions, but I suppose you are aware that 25,000 *l.* and upwards of those tithes are totally exempt?—£. 16,000, I think.

484. The total is 29,194 *l.*?—Have you ascertained that?

485. Yes, I have made the calculation; 25,000 *l.* and upwards of those tithes are totally exempt; 1,100 *l.* are exempt to the extent of 75 per cent., and 3,043 *l.* are not exempt at all; I thought you made out just now that the exempt proportion was larger, but those are the figures?—The exemption, as I stated before, is not as regards the Metropolitan Board, but as regards the local authority who make the rate; with the exception of the City of London 16,000 *l.*, we do not deduct tithes from the valuation list.

Mr. Boord—continued.

486. You do from the City of London?—Yes, under the Act I have quoted.

487. It is surely reasonable that the tithes in the other part of the metropolitan area should be exempted, is it not?—It was reasonable probably when the Metropolis Management Act was passed that tithes should be treated alike throughout, but the Act expressly lays down that the tithes are to be treated as before; the fairness and reason of the thing would be perhaps that there should be uniformity.

488. Are you now treating the City tithes as they were treated before?—The City tithes are treated under that Act, and no doubt that is carrying out the practice that has been in existence for many years.

489. The fact is the City have taken care of themselves; the City got an Act to exempt their tithes; in other words, they took care of their own interests?—I do not know what the origin was.

490. Your objection is against the other portions of the metropolis doing the same. Supposing this Bill were to pass, I understand you to say it would not in the least interfere with the operation of the Metropolitan Board of Works?—If the valuation lists explicitly stated in a column what valuation we were to exempt, of course there would be no difficulty at all as a matter of calculation.

491. It would not interfere with your operations the least in the world, would it?—No, certainly not as regards the office.

492. It would give you no trouble, nor would it give the Assessment Committee any trouble?—That I am not sure about.

493. This return, which I have seen in your hand, has a column showing the tithe to be excluded?—In the City of London.

494. There is no reason why a similar column should not be applied to the assessment of other parts of the metropolis?—You now speak about the reasonableness of the thing. I have not said it would be reasonable to make a change in the law, but as regards the practice there would be no difficulty.

495. You spoke of certain old prescribed rights in Ely Place, do you know at all of what nature they are?—It is a question of boundary, I find, between one parish and another.

496. Of course you are aware that the consolidated rate is ordered to be dealt with in every respect as a sewer's rate under this Act, as regards assessment and levying?—It is a sewers rate, but it includes very much that which is not for the purposes of sewerage.

497. I ask the question, because the analysis of the consolidated rate has been referred to; no matter how it is constituted, it is ordered to be dealt with practically for the purposes of assessment and levying as a sewer's rate?—No doubt; before 1869 the fire brigade rate was not a sewer's rate, and in 1869 the relation of tax to either landlord or tenant is preserved, but the rate, as a whole, appears to have the incidence of a sewer's rate.

498. I think, in the course of your evidence just now, you spoke of land as being exempted in respect of 75 per cent. of its assessed value to the sewer's rate; that is, in point of fact, to the consolidated rate?—I do not know what the practice of a district is as regards the consolidated rate;

Mr. Boord—continued.

rate; I do not know whether they would remit the three-fourths on the whole of the Board's consolidated rate, seeing a portion of it, the fire brigade rate, was on occupiers.

499. You spoke of the increase of value in Plumstead just now; it had doubled, I think you said?—Yes, more than doubled.

500. You are quite aware that is not due to any increase in the value of the land?—I presume it is from fresh buildings; that is the very point that I urge in regard to this question, namely, that the land is being covered gradually with buildings.

501. It must be very slow in Plumstead, because it is mostly marsh land, lying below the level of the river?—The proportion is greater in Plumstead parish than the proportion in the whole of the metropolis; it has more than doubled in Plumstead parish.

502. A great portion of that increase is due to the Royal Arsenal situated within the parish of Plumstead, or a great portion of it, and therefore when you say the rateable value of Plumstead has doubled in the last twenty years, that does not quite fairly represent the thing. The increase is in a great measure due to the increased buildings in and about the Royal Arsenal?—You will at once see, for whatever purpose the building is erected, it makes no difference upon a question of this kind. If land is being gradually covered with buildings, whether for manufacturing purposes or residential purposes, it makes no difference whatever, and it is possible that these marshes may be of increased value in a few years for manufacturing purposes.

503. I understand it is suggested that these exemptions shall be altogether repealed; are you aware of that?—I heard it suggested by a witness.

504. Do you know of any objection to that plan as meeting the grievance?—I think land being rated in full would be the better solution.

505. When the Metropolitan Board of Works was formed, was there not some kind of implied compact with the occupiers of land; greater areas were taken in than were required; and was there not some kind of implied compact that if the occupiers of land allowed their land to be included, they would have some privileges, as it were, in the shape of this reduction?—I cannot say, but speaking generally I should think not, because it is the law of the land that land pays to the sewer's rate only a fourth.

506. In speaking of Woolwich just now, you omitted to notice that there was another loss through the existence of the railway there. You know that land occupied by a railway is also exempt in the same way that arable land is exempt?—There is a different practice as regards railways; the railway in Woolwich may be differently rated from what it is in other parishes of the metropolis; but generally, the assessment of railways is partly on the profits of the railway.

507. I believe that is not the case in Woolwich?—It is so in most of the metropolitan parishes. It is rather a long process getting out the rateable value of a railway. You have to take into account profits, certain mileage, and then what profits belong to the district.

508. For the sake of example you took a 4 *d.* rate just now?—Yes.

509. Is not the rate very much higher than that 0.92.

Mr. Boord—continued.

this year?—It is at 5½ *d.* this year, but 4 *d.* is the average of six years since the passing of the Act of 1869.

Mr. Coope.

510. Can you tell me the rateable value of the whole metropolitan area in 1857 compared with the present year?—1856 was the first, shall I give you that?

511. Yes?—£. 11,283,000.

512. And now?—Exclusive of Hornsey and Beckenham, which are outside, 20,887,000 *l.*

Mr. Boord.

513. You, of course, see the minutes of the proceedings of your Board?—Yes.

514. Do you recollect the Report of the Parliamentary Committee on this Bill, or rather its predecessor, which was brought up in July 1874?—Yes.

515. There is just one sentence I will read to you: "Your Committee quite concur in the opinion that some redress is needed for the state of things complained of." You will take that from me as being correct, no doubt?—That was followed by a subsequent minute in March of this year, in which the Parliamentary Committee decidedly said they thought the only redress must be in land contributing the full amount that houses contribute.

Sir Sydney Waterlow.

516. You were asked by a Member of the Committee whether if the Board had to levy in a parish or district failing to collect the sums, whether you could levy precisely in the same condition that the parish now levy under your order?—Yes.

517. I understood you to say you thought the Board's officers could?—Yes.

518. I think you levy under clause 15 of 21 & 22 Vict.?—That is repealed now by 32 & 33 Vict., c. 102, s. 50; it is only repealed so far as being embodied.

519. Practically the clause is in operation?—Yes.

520. Under that clause does not the last provision require that you should allow all the exemptions that are allowed by the 18 & 19 Vict.?—Certainly; we should have to exempt in the same way as the parish would exempt if they collected.

521. Therefore, you could not collect a lump sum?—The Board does not collect a rate of 2 *d.* on every hereditament, but it collects a lump sum over the whole district, they have to make a rate of 2½ *d.* or 2¼ *d.*, and then whatever was collected in excess of the lump sum required would be returned to the parish.

522. Does not the Statute compel you to allow these exemptions?—Yes, no doubt; say 1,000 *l.* is required, that is a 2 *d.* rate upon all the property there; and, knowing there are exemptions, we should have to make a rate of, say 2¾ *d.*, and out of the produce of that rate, after having allowed all exemptions, we should pay ourselves the 1,000 *l.*, and whatever balance was in hand we should return to the parish.

523. I want you to tell the Committee under what clause you think the Metropolitan Board is entitled to collect the lump sum including the exemptions, or whether you do not think they ought not to collect the lump sum minus the exemptions?

Mr. Gunn.
29 April
1875.

Mr. Gunn.

29 April
1875.

Sir Sydney Waterlow—continued.

exemptions?—The section to which I have before referred states that the Board shall assess, having regard to the annual rateable value that ought to be charged thereon.

524. Is not that which ought to be charged thereon minus the exemptions allowed by statute?—No, we are to take the total rateable value of each parish.

525. Minus the statutable exemptions?—No, that is not the law.

526. I will put this plain question to you, have you, as far as your experience goes, as an officer of the Metropolitan Board of Works, always assessed the sum to be collected without reference to the statutable exemptions?—Yes, with the exception of the question of tithe that has been alluded to.

527. Can you explain to the Committee how the statutable exemption in regard to tithe does not stand upon the same legal basis?—Because there is a special Act for the City by which the tithe is exempted.

528. Is there any clause or any special Act by which you are directed not to allow other exemptions?—It amounts to that practically. We are bound to assess the metropolis upon the rateable value as it appears in the list, which list, according to the Act of 1869, is to be taken as conclusive as to the value of each parish altogether, irrespective of any exemptions upon land that there may be.

529. Then I may take it, as far as you know, the Metropolitan Board of Works always considered the words, "ought to be charged," as ought to be charged gross, and not ought to be charged net?—It is the total rateable value.

530. You do not consider the rateable value that ought to be charged is the rateable value, minus the statutable exemptions?—No doubt that seems to have been the opinion of Parliament. You see there are other things in the district you cannot collect on; for instance, empty houses; but the Board cannot enter upon that question; there might be in one district 10 per cent. off the rate in regard to empty houses, upon which the full houses would have to pay more than full houses in other parishes.

531. I quite understand the difficulty which you explain in regard to empty houses, but I suppose you feel that your right not to take that into consideration rests upon the same basis as your right not to allow the exemptions?—I say practically there is inequality in the parish as regards empty houses.

Sir James Hogg.

532. Practically, when the Metropolitan Board have had to levy their precepts in default of the parish, none of these difficulties that have been alluded to have ever occurred?—No.

533. And nobody has ever questioned the authority of the Board to levy whatever was necessary to make up the full rate?—No, never; the Board has the same authority as the overseers.

534. If the overseers do not levy, the parish can do it?—Yes.

535. That is by the 168th section?—Yes, by the 168th section, if the overseers do not levy, the parish would do it.

536. And then the Board steps in, and has all the powers of overseers?—Yes.

Sir James Hogg—continued.

537. They are bound to make an increased rate to make up for empty houses, cost of collection, and any other contingent expenses?—Yes.

538. And no difficulty has ever arisen?—No.

539. It has never been questioned by anybody?—Not to my knowledge; and from what I have ascertained this morning, it seems it never has been questioned.

Chairman.

540. We must try, if we can, to make this question of law perfectly clear. I understand your reading of the law to be this, that the right and duty of the Metropolitan Board of Works is to assess certain lump sums on the City of London and other parts of the metropolis, having regard to the annual value of property in those several parts?—Yes.

541. And that the annual value is the value without taking into account the three-fourths exemption of land?—Yes.

542. Has that interpretation of the law ever been questioned within your knowledge?—No.

543. If that interpretation of the law be incorrect, those exemptions should be allowed for in making the assessment?—Yes; if that interpretation be incorrect.

544. And in that case there would be no call for this Bill?—If it were a question of law.

545. Therefore, if the view that has been suggested were to turn out correct that those exemptions ought to be taken into account, there could be no reason for considering the Bill which has been submitted to this Committee?—Quite so.

546. You have told us that the 12th section of the Metropolis Local Management Act, 21 & 22 Vict., is repealed by the schedule of the subsequent Act; can you explain to me the effect of that repeal?—My attention was drawn to the schedule 32 & 33 Vict., c. 102, and it appears to me it is included among the clauses repealed. But the effect of that repealing clause is literally nothing, for this reason, it was a dead letter before. The effect is nothing now, because the main drainage rate is included in the Board's consolidated rate, and the rate which the Board levies is upon the supposition that all parts are to be equally rated, under the clause to which you have referred.

547. Therefore, that 12th section, for whatever reason, has been repealed, and you now rest upon the 170th section of the Act 18 & 19 Vict. as subsequently amended?—Yes; by 25 & 26 Vict., c. 102, s. 5.

548. In what respect is it altered by that section; is the 170th section repealed by the later section, or is it simply a modification of it?—It is fully repealed.

549. Then we have to do with the section last referred to?—Yes, section 5.

550. And under that section, you are bound to assess, in reference to the annual value of property, any part of the metropolis, and you are no longer called upon in case of expenditure upon works of drainage, to have regard to the benefits derived from such expenditure?—Just so.

551. I will take you to the question of Hornsey; if I understand you rightly, Hornsey is not taken into the metropolitan system except for the purposes of drainage?—Just so.

552. And

Chairman—continued.

552. And it only pays a contribution in respect to the sewer's rate?—Yes.

553. Not in respect of general expenses?—No.

554. Or anything else?—No, nothing else.

555. Therefore the case of Hornsey, I take it, is not analogous, and is not pertinent one way or the other to the case of Plumstead?—I think not.

556. If it were pertinent and analogous, then in the case of Hornsey, I understand you to say, the same rule has been applied as to Plumstead; and the same law applies?—Practically, the basis is the same. It happens that the district rate has the same basis as the poor rate.

557. I suppose you would say, one ought to look upon the case of Hornsey as that of a statutable contract?—Yes.

558. And, therefore, as affording no precedent at all?—No, it is no precedent.

559. Now we come to the question of the three-fourths exemption of land. The claim of the Metropolitan Board of Works is upon a part of the district of the metropolis in regard to the annual value of all the property within that part or district?—Yes.

560. But there is a question arising between houses and unoccupied land, whether the land should pay the whole, or only one-fourth, of its share of that burden?—Yes.

561. By the general law of the land, or by the law generally applicable throughout the country, land unoccupied by buildings only pays one-fourth to the sewers rate?—Yes.

562. And that is, is it not, upon the ground

Chairman—continued.

that land is not a cause for expenditure, like houses, for sewers, and does not benefit, like houses, from sewers?—Yes, probably.

563. Now let me take you to the case of Plumstead. Supposing that the parish of Plumstead consists of land covered with houses, and certain arable or marsh land; and supposing that the whole of that land unoccupied by houses were cut off from the parish of Plumstead, so that the occupiers of houses in the parish of Plumstead bore all the burdens of Plumstead, local and metropolitan, do you suppose they would benefit by losing the land?—The charges to the parish for the poor might remain the same, and, therefore, cutting off the rateable value of the land, even although assessed at less than houses, it would be a disadvantage.

564. I will take other expenses, paving for instance, if there be such a thing in the village of Plumstead; these expenses are borne partly by the marsh land, are they not?—Yes, that must be so.

565. And the expense of lighting?—Yes.

566. In fact, any expenses in the parish of Plumstead borne by the general rate, are partly borne by the marsh land?—Yes.

567. Whether it be the cause of that expenditure, or whether it benefits by the expenditure or not?—Quite so.

568. At least this is clear, then, is it not, that it is not to be assumed that the householders of Plumstead would benefit in respect of all the rates to which they are liable if that part of Plumstead which is not occupied by houses were cut off from it?—I think it is a very fair assumption.

Mr. Gunn.

29 April
1875.

R E P O R T

FROM THE

SELECT COMMITTEE

ON THE

METROPOLIS LOCAL MANAGEMENT

ACTS AMENDMENT BILL;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

AND

MINUTES OF EVIDENCE.

*Ordered, by The House of Commons, to be Printed,
6 May 1875.*

194.

Under 3 oz.

